KAUFMAN & CANOLES
attorneys at law

Kaufman & Canoles, P.C.
150 West Main Street
Suite 2100
Norfolk, VA 23510

Mailing Address
Post Office Box 3037
Norfolk, VA 23514

T (757) 624.3000
F (888) 360.9092

kaufCAN.com

Nicole J. Harrell
(757) 624.3306
njharrell@kaufcan.com

April 26, 2023

VIA SECURITIES PORTAL

State of Wisconsin
Department of Financial Institutions
Division of Securities
PO Box 1768
Madison, WI 53701-1768

Re: Pool Scouts Franchising, LLC Application

Dear Sir or Madam:

Attached is a franchise registration application for filing on behalf of Pool Scouts Franchising, LLC, including the following:

1. One (1) copy of the Franchise Disclosure Document;
2. Uniform Franchise Registration Application;
3. Certification;
4. Consent to Service of Process;
5. Franchisor's Costs and Source of Funds; and
6. Auditor’s Consent.

We are also including with our online filing payment of the $400 for the application fee.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Nicole J. Harrell

NJH:ajn
Attachments

FRANCHISE DISCLOSURE DOCUMENT

POOL SCOUTS®

Pool Scouts Franchising, LLC
A Virginia Limited Liability Company
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253
www.poolscouts.com
franchising@poolscouts.com

The franchisee will establish and operate a business, which offers a service cleaning and maintaining swimming pools and spas using the trademark POOL SCOUTS®.

The approximate total investment necessary to begin operation of a single POOL SCOUTS® franchise business is currently $87,490 to $109,625. This includes $59,540 to $60,925 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of 2-3 Pool Scouts franchised businesses under an area development agreement is currently $158,250 to $286,745. This includes $104,050 to $150,345 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Wagner at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452, (757) 215-4253.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

The Issuance Date of this Disclosure Document: April 24, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K.
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 N 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 Pool Scouts business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Pool Scouts franchisee?	Item 20 or Exhibit K 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 litigation only in Virginia. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Virginia than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

TABLE OF CONTENTS

Item **Page**

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

ITEM 2 BUSINESS EXPERIENCE 6

ITEM 3 LITIGATION 8

ITEM 4 BANKRUPTCY 8

ITEM 5 INITIAL FEES 8

ITEM 6 OTHER FEES 12

ITEM 7 ESTIMATED INITIAL INVESTMENT 18

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 22

ITEM 9 FRANCHISEE'S OBLIGATIONS 25

ITEM 10 FINANCING 26

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 27

ITEM 12 TERRITORY 37

ITEM 13 TRADEMARKS 40

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION 42

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 43

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 43

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION 45

ITEM 18 PUBLIC FIGURES 49

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 49

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 63

ITEM 21 FINANCIAL STATEMENTS 67

ITEM 22 CONTRACTS 67

State Effective Dates 68

ITEM 23 RECEIPTS 69

LIST OF EXHIBITS

EXHIBIT A - LIST OF ADMINISTRATORS

EXHIBIT B - DISCLOSURE DOCUMENT STATE ADDENDA

EXHIBIT C - AGENTS FOR SERVICE OF PROCESS

EXHIBIT D - FRANCHISE AGREEMENT AND STATE AMENDMENTS

EXHIBIT E - AREA DEVELOPMENT AGREEMENT AND STATE AMENDMENTS

EXHIBIT F-1 - AUTHORIZATION OF PREAUTHORIZED PAYMENTS AGREEMENT (DIRECT DEBITS)

EXHIBIT F-2 - PROMISSORY NOTE

EXHIBIT F-3 - GUARANTY

EXHIBIT F-4 - SECURITY AGREEMENT

EXHIBIT G - TELEPHONE NUMBER ASSUMPTION AGREEMENT

EXHIBIT H-1 - TRANSFER AND RELEASE AGREEMENT

EXHIBIT H-2 - COMMISSION AGREEMENT

EXHIBIT H-3 - ESCROW AGREEMENT

EXHIBIT I - GENERAL RELEASE

EXHIBIT J - OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT K - LIST OF FRANCHISEES

EXHIBIT L - LIST OF AFFILIATE-OWNED BUSINESSES

EXHIBIT M-1 - FRANCHISEE DISCLOSURE QUESTIONNAIRE

EXHIBIT M-2 - CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

EXHIBIT N - FINANCIAL STATEMENTS

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

The Franchisor. Pool Scouts Franchising, LLC ("**we**", "**us**", "**our**", "**Pool Scouts**", or "**Franchisor**") was organized as a Virginia Limited Liability Company on December 10, 2015. We maintain our principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. We have not operated a business similar to the Franchised Business but our affiliate, Pool Scouts Local Operations, LLC, has operated a business similar to the Franchised Business since January 8, 2016. We conduct our business under our company name and the trademarks POOL SCOUTS® and the other trademarks listed in Item 13 ("**Marks**"). We were organized for the purpose of offering franchises and operating businesses that provide services and equipment to both residential and commercial customers to clean and maintain swimming pools ("**Franchised Business**"). In addition to offering franchises, we may supply to you certain products related to your Franchised Business. We do not conduct any other unrelated business activities. We began offering franchises for the Franchised Business on February 23, 2016.

Our agents for service of process are listed in Exhibit C.

Our Parent and Affiliates. Our parent is Buzz Franchise Brands, LLC ("**BFB**"). BFB was organized on November 23, 2009. BFB's principal place of business is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. BFB does not offer franchises in this or any other line of business. We have had no predecessors during the ten (10) year period immediately before the close of our most recent fiscal year.

Our affiliates are Pool Scouts Local Operations, LLC ("PS **Local Operations**"), Pool Scouts Services, LLC ("**Pool Scouts Services"**), BFB IP LLC ("**BFB IP**"), Home Clean Heroes Franchising, LLC ("**Home Clean Heroes**"), Home Clean Heroes Local Operations, LLC ("**HCH Local Operations**"), Home Clean Heroes Services, LLC ("**HCH Services**"), BSS Acquisition Holdings, LLC ("**BSS Acquisition**"), British Swim School Franchising, LLC ("**British Swim School**"), British Swim School Franchising Canada, Ltd. (original name was 708583 N.B. Ltd.) ("**BSS Canada**"), British Swim School Services, LLC ("BSS Services"), British Swim School Franchising IP, LLC ("**BSS IP**"), BFB Light Holdings, LLC ("**BFB Light Holdings**"), BFB Light Franchising, LLC ("**BFB Light**") BFB Light Local Operations, LLC ("**BFB Light Local Operations**"), BFB Light Services, LLC ("**BFB Light Services**"), and BFB Light IP, LLC ("**BFB Light IP**").

PS Local Operations, a wholly-owned subsidiary of BFB, was organized on October 1, 2015 and operates a business of the type being franchised. PS Local Operations acquired and began operating a business similar to the type being franchised on January 4, 2016. The acquired business served customers in southeastern Virginia since May 2013. PS Local Operations does not offer franchises of the type being franchised or in any other line of business.

Pool Scouts Services, a wholly-owned subsidiary of BFB, was organized on September 5, 2017, and provides certain products and services to our franchisees, including the Mailer Program and the Digital Advertising Program in which all franchisees must participate. Pool Scouts Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB IP, a wholly-owned subsidiary of BFB, was organized on October 19, 2016, and owns certain intellectual property. BFB IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

Home Clean Heroes, a wholly-owned subsidiary of BFB, was organized on August 16, 2017 and has offered residential cleaning franchises since April 2018. Home Clean Heroes does not operate a business of the type being franchised. As of December 31, 2022, Home Clean Heroes had 12 franchise units opened and operating, and 10 franchise owners who had signed agreements to open an additional 20 units.

HCH Local Operations, a wholly-owned subsidiary of BFB, was organized on March 2, 2017, and operates a residential cleaning business. HCH Local Operations does not operate a business of the type being franchised and does not offer franchises in any other line of business.

HCH Services, a wholly-owned subsidiary of BFB, was organized on September 5, 2017, and provides certain products, chemicals and services to Home Clean Heroes franchisees, including a direct mail advertising program and a digital marketing program in which all franchisees must participate. HCH Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

In April 2019, BFB acquired a franchise system operating under the name "British Swim School". As part of the transaction, BFB formed BSS Acquisition, a wholly owned subsidiary of BFB, which acts as a holding company for British Swim School, BSS Canada, BSS IP and BSS Services, each of which were also formed in connection with the transaction. BSS Acquisition does not offer franchises of the type being franchised or operate any other line of business.

British Swim School was formed on March 21, 2019, and has offered franchises for businesses offering swimming and water survival instruction programs since it commenced operations in April 2019. As of December 31, 2022, British Swim School had 138 franchise units open and operating and 19 franchise owners who had signed to open an additional 51 units. Of the 138 franchise units, 137 of those franchises were in the United States and one was in Turkey. British Swim School does not offer franchises of the type being franchised or operate any other line of business.

BSS Canada was formed on April 15, 2019, and has offered franchises under the "British Swim School" brand in Canada since it commenced operations in April 2019. The BSS Canada franchises are substantially similar to the franchises offered by British Swim School. As of December 31, 2022, BSS Canada had 8 franchises open and operating in Canada and 7 franchisees who had signed to open an additional 9 units. BSS Canada does not offer franchises of the type being franchised or operate any other line of business.

BSS Services, a wholly owned subsidiary of BFB, was organized on April 30, 2019, and provides certain products, equipment and services to British Swim School franchisees. BSS Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BSS IP was formed on March 21, 2019, and has held the intellectual property rights of the "British Swim School" system since it commenced operations in April 2019. BSS IP does not offer franchises of the type being franchised or operate any other line of business.

In June 2022, BFB established a new franchise system, Grand Illuminations. In connection with the establishment of this new system, BFB formed BFB Light Holdings, an entity controlled by BFB, on May 18, 2022. BFB Light Holdings acts as a holding company for BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP, each of which were also formed in connection with the establishment of the new system. BFB Light Holdings does not offer franchises of the type being franchised or operate any other line of business.

BFB Light, a wholly owned subsidiary of BFB Light Holdings, was formed on May 18, 2022, and has offered franchises for businesses offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, as well as event-based lighting services (e.g., weddings) and landscape lighting services since it commenced operations in June 2022. As of December 31, 2022, BFB Light had 14 franchise units open and operating and 10 franchise owners who had signed agreements to open an additional 16 units.

BFB Light Local Operations, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and operates a business offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, event-based lighting services and landscape lighting services. BFB Light Local Operations does not offer franchises of the type being franchised or in any other line of business.

BFB Light Services, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and provides certain products, equipment and services to our franchisees, including a direct mail advertising program and a digital marketing program in which all franchisees must participate. BFB Light Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB Light IP, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and owns certain intellectual property. BFB Light IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

The principal address of BFB, BFB IP, Pool Scouts Services, PS Local Operations, Home Clean Heroes, HCH Local Operations, HCH Services, BSS Acquisition, British Swim School, BSS Canada, BSS Services, BSS IP, BFB Light Holdings, BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452.

Our Business and the Franchise Offered. If you receive our approval, you (we will refer to individuals, partnerships, corporations, and the owners of partnerships and corporations as "**you**" and "**your**") may sign a Pool Scouts franchise agreement ("**Franchise Agreement**", see Exhibit D) to establish and operate the Franchised Business according to our established system ("**System**"). With our approval, you may also convert an existing business offering similar services to a franchised business under the terms stated in the franchise agreement and related agreements.

We offer to qualified persons the right to develop a minimum of 2 Franchised Businesses and a maximum of 3 Franchised Businesses within the Development Area determined by us, under an area development agreement ("**Area Development Agreement**"). The Area Development Agreement requires you to open an agreed upon number of Franchised Businesses under a development schedule. You must sign one Franchise Agreement at the time you sign the Area Development Agreement, and that Franchised Business must be opened within 180 days of signing. For each additional Franchised Business, you must sign our then-current form of Franchise Agreement for each Franchised Business that you open. This means that for each future franchise, the area developer may be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement attached to this offering.

The distinguishing characteristics of the System include, without limitation, distinctive Marks, uniform standards, specifications, and procedures for operations; quality and uniformity of the pool and spa cleaning and maintenance products, equipment and services provided by licensed and Franchisor-approved professionals; special confidential techniques for selling products, services, and service agreements; route scheduling; back-office operations; field marketing techniques; emblems; uniforms; instructional materials and training courses; advertising and promotional programs for use in the Franchised Business. (Any and all aspects of the System may be changed, improved, and further developed by us from time to time.) The Franchise Agreement allows you to use our Marks in the operation of the Franchised Business. You must conduct the Franchised Business according to our Confidential Operations Manual, Sales Manual, and other manuals and instructional materials that we create in the future for use in the System ("**Manuals**"). You must offer only those services, equipment and products, which we specify, and in the manner we specify. You must use only the integrated business management system and credit card processing service approved by us, and you must obtain certain equipment, supplies, products, services and printed materials only from us or third party suppliers who meet our specifications and whom we have approved in advance.

The Franchised Business offered by this Franchise Disclosure Document will operate a business providing swimming pool and spa service, including pool openings, pool service to maintain a clean pool with proper water chemistry, and pool closings. Pool service does not include pool repair services beyond minor repairs requiring low technical expertise. In time, with the appropriate technical training, expertise and applicable certification, we anticipate that our franchisees may provide pool repair services. The repair services could also be offered by a franchisee hiring a qualified professional. The Franchised Business may provide only authorized products and services, including cleaning and maintaining swimming pools within a geographic area of responsibility ("**Territory**"). Your Territory will contain up to 10,000 estimated "Targeted Households." A "**Targeted Household**" is a single family detached home with a pool or spa as well as an estimated annual gross income of at least $100,000. The number of Targeted Households is estimated because we rely on a third-party source to supply us with this data. While we believe this data to be accurate within an acceptable margin of error, there is no way to guarantee or know the actual number of households with swimming pools or spas and that meet gross income criteria. The actual number of swimming pools with the gross income criteria may be more or less than 10,000. ***Schedule A*** of the Franchise Agreement will set forth the number of Targeted Households in your Territory. We or an affiliate will identify the Targeted Households

in the Territory with reference to information provided by a third-party data compilation and demographic information service provider that we select.

We may, in our sole discretion, permit you to add unoccupied zip codes, which are immediately adjacent to your Territory, from an unoccupied territory at a cost of $1.00 per Targeted Household located within that unoccupied zip code (the "**Purchased Zip Codes**"). All Purchased Zip Codes will be included in your defined Territory, and all references to "Territory" include the Purchased Zip Codes. Since the Purchased Zip Code will become part of your Territory, you must include all Targeted Households within the Purchased Zip Code in the Mailer Program in which you are required to participate. You must participate in the Mailer Program and pay the associated fees described in Items 5, 6, 7 and 8 of this disclosure document. As of the issuance date of this disclosure document, we or our affiliate are the only approved supplier of the Mailer Program services. It is essential to the ongoing operation of the Franchised Business that you develop new customers, as well as service those existing or potential customers you develop.

Referral Fee. If after you have become a Pool Scouts franchisee, you complete and send us a referral form which clearly identifies you as the party making the referral, and you refer to us a prospective franchisee for a Pool Scouts, Home Clean Heroes, British Swim School or another franchise brand owned by BFB ("**BFB Franchise**") (not as a part of a transfer), and your referral actually purchases a new BFB Franchise, we may (and we reserve the right to, or not to, at our discretion) provide you with a referral fee in the amount of $5,000. We may implement, end or change this policy, and impose rules or conditions, whenever we choose. We do not expect or want you to be involved in the franchise solicitation, offering or sales process, and you are strictly prohibited from doing so. You are simply passing along to us the name of someone you know who may be interested in acquiring a new BFB Franchise. You are not eligible for a referral fee if you choose to purchase another Buzz Franchise Brands franchise.

The Market and Competition. The market for swimming pool and spa cleaning and maintenance services offered by the Franchised Business is well developed and highly competitive. You would compete with independent pool service technicians, locally-owned pool services businesses, and national companies and referral services.

Industry-Specific Regulations. You must comply with all local, state, and federal laws that apply to service establishments, including employment, discrimination, taxation and health and safety laws. These include, but are not limited to minimum wage laws, federal, state, and local laws and regulations and obtaining any required licenses. In addition to laws that generally apply to businesses, there may be laws or regulations specific to the services offered in the state or locality in which you will operate your Franchised Business. It is your responsibility to investigate, determine and comply with any laws or regulations in your state or local area and obtain and maintain all licenses and permits required to operate the Franchised Business.

In addition to maintaining all necessary licenses and permits, you must ensure that your employees and others providing swimming pool cleaning and maintenance services to customers on behalf of the Franchised Business have all required licenses and permits. In certain jurisdictions, either you or an employee must become a certified pool technician or certified pool operator to run the Franchised Business. If you are located in any of those jurisdictions and do not have the required experience, you must hire (or partner with) at least one individual who has and

maintains the valid necessary license and is on good standing in such jurisdiction. Additionally, various jurisdictions require every employee involved in the application of chemicals to be trained and tested and you must ensure compliance with all such requirements.

The pool cleaning and maintenance business can be seasonal, with the season varying with the geographic location of your Territory. Generally, the season will vary between 5 and 12 months. Anticipated seasons are defined in our Operations Manual.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your operation of the Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Michael Wagner, President. Michael Wagner has served as our President since December 2015.

Michael Hull, Chief Financial Officer (CFO). Michael Hull has served as our CFO, the CFO of Home Clean Heroes, and the CFO of BFB since August 2018. Mr. Hull has also served as CFO of British Swim School, BSS Acquisition and BSS Canada, each in Virginia Beach, Virginia, since April 2019 and as the CFO of BFB Light, also in Virginia Beach, Virginia, since June 2022. He previously served as our Vice President of Finance from August 2017 to August 2018 and the Vice President of Finance of BFB and Home Clean Heroes from January 2017 to August 2018. Mr. Hull previously served as the Vice President of Finance of Mosquito Joe Franchising, LLC in Virginia Beach, Virginia from December 2015 to August 2018.

Lynlea Rudell, Director of Marketing. Lynlea Rudell has served as our Director of Marketing since July 2021. Prior to that, Ms. Rudell served as our Marketing Manager from June 2020 to July 2021. Ms. Rudell previously served as an Account Supervisor for Otto Design & Marketing in Norfolk, Virginia, from October 2011 to May 2020.

Russell Gesher, Director of Operations. Russell Gesher has served as our Director of Operations since June 2022. Prior to joining Pool Scouts, Mr. Gesher held various positions with Home Care Assistance Franchise in Palo Alto, CA, most recently as Head of Franchise Operations from December 2015 to April 2022. Additional roles with Home Care Assistance Franchise included Vice President of Franchise Systems from December 2014 to December 2015, Director of Network Operations from December 2012 to December 2014, and Director of Franchise Development from December 2007 to December 2012.

Austin James, Director of Franchise Development. Austin James has served as our Director of Franchise Development in Virginia Beach, Virginia since December 2020. Mr. James has also served as Director of Franchise Development for British Swim School since December 2020, Director of Franchise Development for Home Clean Heroes since April 2021, and Director of Franchise Development for BFB Light Franchising since March 2023. Prior to that, Mr. James served as a Business Analyst for Buzz Franchise Brands from September 2019 to December 2020. Mr. James previously served as a Franchise Support Specialist for Buzz Franchise Brands from

June 2018 to September 2019. Prior to joining Buzz Franchise Brands, Mr. James was a student at James Madison University from August 2014 to May 2018, graduating with a Bachelor of Business Administration degree in Finance.

Rita Iglesias, Director of Franchise Development. Rita Iglesias has served as our Director of Franchise Development since September 2022. Ms. Iglesias has also served as Director of Franchise Development for British Swim School and Director of Franchise Development for Home Clean Heroes, each since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Ms. Iglesias previously served as Franchise Developer for Rita's Italian Ice, LLC in Trevose, Pennsylvania from March 2021 to August 2022. Prior to that, Ms. Iglesias served as Franchise Developer for Franchise Source Brands International, in Southbury, Connecticut, from March 2019 to March 2021, and Director of Franchise & Brand Development for Sweet CeCe's Frozen Yogurt & Treats, in Franklin, Tennessee, from April 2017 to March 2019.

Matthew Karahalios, Director of Franchise Development. Matthew Karahalios has served as our Director of Franchise Development since September 2022. Mr. Karahalios has also served as Director of Franchise Development for British Swim School and Director of Franchise Development for Home Clean Heroes since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Mr. Karahalios previously served as Director of Franchise Sales from January 2020 to August 2022 and Franchise Sales Manager from January 2018 to December 2019 for Burn Boot Camp in Cornelius, North Carolina.

Dave Warn, Director of Franchise Development. Dave Warn has served as our Director of Franchise Development since September 2019. Mr. Warn has also served as Director of Franchise Development for British Swim School since July 2019, Director of Franchise Development for Home Clean Heroes since December 2021, and Director of Franchise Development for BFB Light Franchising since March 2023. Mr. Warn previously served as Vice President of Franchise Development of Deka Lash, LLC, in Pittsburgh, Pennsylvania, from February 2018 to July 2019 and Director of Franchise Development from April 2016 to February 2018.

Kevin W. Wilson, Chief Executive Officer (CEO) (BFB). Kevin Wilson has served as the CEO and a Board Member of BFB since June 2012. He previously served as the CEO of Mosquito Joe from August 2012 to August 2018.

Brian M. Garrison, President and Chief Operating Officer (COO) (BFB). Brian Garrison has served as the President of BFB since February 2020, COO of BFB since May 2015 and President of BFB Light since June 2022. He previously served as President of British Swim School from July 2019 to November 2021.

Angela Zerda Paules, Chief Marketing Officer (CMO) (BFB). Angela Zerda Paules has served as the CMO of BFB since January 2018 and the CMO of BFB Light since June 2022. Ms. Paules previously served as Vice President of Marketing of BFB from January 2016 to January 2018 and Vice President of Marketing of Home Clean Heroes from August 2017 to January 2018.

Bridget Rawls, Vice President of Digital Marketing (BFB). Bridget Rawls has served as the BFB Vice President of Digital Marketing since February 2023. Ms. Rawls previously served as the BFB Director of Digital Marketing from January 2019 to January 2023 and the BFB Digital Marketing Manager from October 2016 to January 2019, both in Virginia Beach, Virginia.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

David Kevin Warn, our Director of Franchise Development, along with Karen Denise Warn, jointly filed a Bankruptcy Petition under Chapter 13 of the United States Bankruptcy Code on April 24, 2014. On August 20, 2014, the plan was confirmed and on January 27, 2020 the bankruptcy court entered a judgment for a standard discharge of the debts. (U.S. Bankruptcy Court for the Eastern District of California, Sacramento Division, Case No. 14-24219.)

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

ITEM 5
INITIAL FEES

Franchise Agreement. If you sign a single Franchise Agreement offered by this disclosure document, you must pay us an Initial Franchise Fee of $35,000.

We have established a Community Heroes Program and may offer to qualifying franchises a $2,500 discount on the Initial Franchise Fee for the first Pool Scouts franchise, but no discount will be given for franchises under an Area Development Agreement. We include firefighters, law enforcement personnel, emergency medical technicians and personnel, teachers and educational administrative staff in our Community Heroes Program. This discount is offered by us in support of the Heroes First initiative established by our affiliate, Home Clean Heroes Franchising, LLC.

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. As part of the VetFran Program, we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Home Clean Heroes franchise they purchase, but no discount will be given for franchises under an Area Development Agreement.

If you meet the qualifications for more than one discount or credit program described above, you may receive only one. Except for these programs, the Initial Franchise Fee is expected to be the same for all franchisees subject to this offering. We do not anticipate offering additional Initial Franchise Fee concessions or adjustments, but we reserve the right to do so.

The Initial Franchise Fee is paid when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The Initial Franchise Fee is partially refundable only if you do not pass our Initial Training ("**Initial Training**") in accordance with our current passing standards for Initial Training, provided that you sign a general release and that you return to us all materials which we distributed to you during Initial Training. The amount of your refund will be offset by any sales commission paid by us. Our current passing standards for Initial Training will be reviewed with you prior to the start of your training and you will be required to sign an acknowledgment form stating you have read and understood said standards.

We may, in our sole discretion, finance a portion of your Initial Franchise Fee. See Item 10. Financing not offered in California.

Area Development Agreement. If we agree to grant you the exclusive right to develop and operate 2 or 3 franchises in a defined Development Area through an Area Development Agreement, you must pay us the Cumulative Franchise Fee as follows:

# of Territories	Cumulative Franchise Fee
One	$35,000
Two	$60,000
Three	$85,000

The Cumulative Franchise Fee is due and payable to us upon your execution of the Area Development Agreement. The Cumulative Franchise Fee is fully earned upon execution of the Area Development Agreement by us. The Cumulative Franchise Fee is refundable only if you do not pass our Initial Training in accordance with our current passing standards for Initial Training, provided that you return to us all materials which we distributed to you during Initial Training.

Under an Area Development Agreement, you and your affiliates may not open a second Franchised Business until the first Franchised Business opened pursuant to the Area Development Agreement has been open for at least twelve months. We typically only approve Area Development Agreements for 2 territories. On occasion and at our sole discretion, we may grant well-qualified and experienced buyers the opportunity to purchase 3 territories. You may purchase additional territories (beyond the number granted in your Area Development Agreement) at the discounted price (currently $25,000 per territory) within 24 months after the opening of your first Franchised Business, provided you are a franchise owner in good standing. We do not grant any right to reserve future territories.

Mailer Program Fees. We or our affiliate, Pool Scouts Services, or another affiliate of ours are the only approved supplier of the direct mail program ("**Mailer Program**") in which you must participate. You must purchase all Mailer Program services from us or our affiliate.

You must pay us or our affiliate a fee for the setup of the Mailer Program (the "**Setup Fee**"). Currently the Setup Fee is $1,000 per Territory and must be paid 30 days prior to the scheduled opening date ("**Scheduled Opening Date**") as stated in ***Schedule A*** to the Franchise Agreement. If you purchase a developed territory and you are not otherwise a Pool Scouts

franchisee, you must pay the Setup Fee at the time you purchase the developed territory. Each additional territory opened after the first territory will also be charged a one-time Setup Fee of $1,000.

Through the Mailer Program, you are required to send 42,000 postcards to the Targeted Households located in the Territory for your Franchised Business each year during the course of the season, which may vary by the location of your Franchised Business ("**Season**"). The length of the Mailer Program is specified in the Operations Manual and varies based on the length of the Season where your Franchised Business is located. You must pay a fee per postcard for each Targeted Household (the "**Postcard Fee**"). Currently, the Postcard Fee is $0.43 per postcard. The total Postcard Fee for all postcards mailed is currently $18,060 per year, per open Territory.

You must also pay a fee for the cost to obtain the mailing list each year (the "**Mailing List Fee**"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory on the mailing list. The Mailing List Fee for 6,000 to 10,000 Targeted Households (the estimated subset of Targeted Households that we expect to be mailed with each. campaign) is $300 to $500. The mailing list is purchased on an annual basis by Pool Scouts Services. Specific addresses and names are not shared with franchisees.

The Setup Fee, Postcard Fee and Mailing List Fee are collectively referred to as the "**Mailer Program Fees**").

The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first Season, one hundred percent (100%) of all Mailer Program Fees must be paid 30 days prior to the scheduled opening date ("**Scheduled Opening Date**") as stated in Schedule A of the Franchise Agreement. We estimate the cost of the Mailer Program for your first season will be approximately $19,360 to $19,560 (excluding the Mailer Program Setup Fee described above), but may be more or less depending on the actual number of Targeted Households in your Territory. The payment schedule for each Season thereafter will require a payment each week in advance of the mailing. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable. After you open your Franchised Business, you have continuing mailing obligations as described in Item 6 and 7. If you fail to pay any Mailer Program Fees, we may suspend your Mailer Program and exercise other remedies we have, with no liability resulting from the actions we are permitted to take.

Search Engine Optimization Fee. You are required to pay $300 per month (the "**SEO Fee**") for search engine optimization services ("**SEO**"). As of the issuance date of this disclosure document, our affiliate, Pool Scouts Services, is the only approved supplier of SEO. We may approve a different affiliate or a third-party supplier in the future. For the first year that the Franchised Business is open, 100% of the SEO Fees ($3,600) must be paid at the time your website goes live. If you do not open your Franchised Business and your website does not go live, you will not pay the SEO Fee.

SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the SEO Fee will be $3,600 per year regardless of the number of territories open. In instances where a multi-territory franchisee requires more than one website, the SEO fee will be

$3,600 per year per website. You may only have 1 website unless you are operating non-contiguous geographic territories and we approve a second website.

Integrated Business Management System. To maintain the integrity of the System and provide our Franchised Businesses with an integrated business management solution, you must use only the integrated business management system(s) and credit card processing service approved by us. We have contracted with suppliers for the following: a web-based field service management system, website hosting, a franchise management system, email marketing management, a learning management system, email services and telephone services. Upon signature of the Franchise Agreement, we will set up your integrated business management system account and will require you to pay the monthly fee of $395 ("**Integrated Business Management Pre-Opening Fee**") to us, at the start of the second full calendar month after signing. The telephone services provided include two VOIP seats. Should you desire additional VOIP seats beyond the first two, you will be charged an additional $30 per month per seat. Depending on the length of time from signing to opening, and assuming you do not need any additional VOIP seats, the Integrated Business Management Pre-Opening Fee will be between $395 and $1,580.

If you open additional territories, you must pay an additional $50 per month per additional territory, commencing the first month the additional territory opens for business, based on the open date stipulated in the franchise agreement.

Purchase of Developed Territories. The purchase price for a developed territory is set according to various factors, including, but not limited to, the following: our then-current Initial Franchise Fee, historical gross volume of business, projected profitability, geographic location, average service invoice, market share, growth potential, length of time in business, and other market conditions. In general, the price is 75-120% of the annual gross revenue of the business plus the Initial Franchise Fee and off-season expenses, if any, until the time of sale. If you purchase a developed Territory, you must sign both our Franchise Agreement and a Transfer and Release Agreement similar to the one in Exhibit H-1, and an Escrow Agreement similar to the one in Exhibit H-3. The purchase price of a developed Territory is due when you sign the Franchise Agreement and the Purchase and Sale Agreement. The purchase price is not refundable.

ITEM 6
OTHER FEES

Fee	Amount	Due Date	Remarks
Royalty and Service Fee	8% of Net Revenue See Note 1.	Monthly	"Net Revenue" consists of all revenue from all services and products/materials offered (including but not limited to repairs, maintenance, labor, products, materials, fees, referral fees, bartered services, service agreement services paid by us, commissions), less first-time customer discounts and returns. The Royalty and Service Fee is payable monthly for the previous month and is invoiced at the end of each month. Payment is processed by bank draft two days after invoice. Royalty and Service Fees are payment for the use of the Marks, System, Territory, Manuals, marketing administration, and other support services.
Marketing Fee	2% of Net Revenue	Monthly	Payable monthly for the previous month and invoiced with the Royalty and Service Fees for brand development, advertising, public relations, production of advertising materials and expenses related to administration of the marketing fund.
Digital Advertising Program Fees, consisting of Search Engine Optimization Fees and Digital Marketing Fees	Search Engine Optimization Fee: Currently $300 per month ($3,600 per year). Digital Marketing Fee: Currently, $1,000 per month ($12,000 per year), per open territory.	Monthly, but see Remarks Annually as incurred	You must participate in the digital advertising program ("Digital Advertising Program"). Through the Digital Advertising Program, you are required to pay to HCH Services each year the SEO Fees. We may approve a different affiliate or a third party supplier in the future. The payment schedule for SEO Fees in each year after the first year will require you to pay $300 per month starting after the twelfth month that your website went live, payable in advance 1 month prior to the month of service. SEO is a per-website requirement. For a multi-territory franchisee operating from a single website, the SEO fees will be $3,600 regardless of the number of territories open. In addition to the required purchase of SEO, our Digital Advertising Program also requires a minimum annual spend of $12,000 per open territory for online placement

Fee	Amount	Due Date	Remarks
			services, such as pay per click advertising, social media advertising, remarketing, and various digital advertising services (the "Digital Marketing Fees"). The Digital Marketing Fees are to be paid to our approved third-party supplier. We may approve an affiliate or a different third-party supplier in the future. The Digital Marketing Fees will typically be billed one month in advance. The SEO Fees and the Digital Marketing Fees are collectively referred to as the "Digital Advertising Program Fees."
Mailer Program Fee, consisting of Setup Fee, Mailing List Fee and Postcard Fee	Setup Fee: Disclosed in Item 5 as an initial fee. Postcard Fee: Currently, $0.43 per postcard, $18,060 (42,000 postcards) per year. Mailing List Fee: Currently, $0.05 per Targeted Household on the mailing list obtained, $300-$500 (6,000-10,000 Targeted Households per year, per open territory).	In advance. See Remarks and Note 2.	Pool Scouts Services is currently the only approved supplier of the Mailer Program in which you must participate. We may approve a different affiliate or a third party supplier in the future. You must purchase all Mailer Program services from us or our affiliate or approved third party supplier. You are required to pay to us, our affiliate, or our approved supplier, the Postcard Fee for all the postcards mailed to the Targeted Households located in your Territory. You must also pay to us, our affiliate, or our approved supplier, the Mailing List Fee each year to cover the cost of obtaining the Mailing List. The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. The payment schedule after the first six months will require a payment each month in advance of the mailing, for both the remainder of your first year and each year thereafter. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable. If you fail to pay any Mailer Program Fees, we may suspend your Mailer Program and exercise any other remedy we may have, with no liability to us resulting from the actions we are permitted to take.
Integrated Business	Currently, $395 per month. Includes 2	Monthly or as incurred.	To maintain the integrity of the System and provide our Franchised Businesses with an

Fee	Amount	Due Date	Remarks
Management System	VOIP seats; additional VOIP seats are $30 per seat per month. Additional territories are an additional $50 per month.		integrated business management solution, we have contracted with suppliers for the following: a web-based field service management system, website hosting, a franchise management system, email marketing management, a learning management system, email services and telephone services. Provider rates are subject to change and you must pay us in advance each month based on the then current rates. We may approve an affiliate or third-party supplier in the future.
Local Marketing	$5,000	Annually or as incurred.	You must spend a minimum of $5,000 annually on local marketing within your Territory.
Credit Card Processing Services	Approximately 2%-4% transaction fee per customer payment through credit card.	Monthly or as incurred.	To maintain the integrity of the Integrated Business Management System in processing customer payments for your Franchised Business, we have contracted with a supplier to provide your Franchised Business with a credit card processing solution. Provider rates are subject to change and will automatically be drafted as incurred from your Franchised Business bank account by the supplier.
National/Regional Accounts	10% on collected monies.	After receipt of payment.	If we enter into a service agreement for a national/regional customer, secured by us, another franchisee or others with sites in your territory, for which you provide service, you must pay 10% to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit 90% to you, less royalty and advertising fees owed by you on that bill. You have the right to refuse to service any national/regional customer under a service agreement. But, in the event that you refuse to service a national/regional customer under the terms of that service agreement, we may provide service to such national/regional customer through another franchisee and/or through an affiliate, without any compensation to you.
Vehicle Purchase or Lease	We estimate the initial costs for bank or lease financing and vehicle decals to be between	As incurred.	We may require service vehicle(s) that are in excess of 7 years old, and do not meet our current standards, as set forth in the

Fee	Amount	Due Date	Remarks
	$6,500 and $9,000 per service vehicle.		Operations Manual, be replaced by the then current service vehicle.
Transfer Fee	50% of the then current Initial Franchise Fee for transfer of the Franchise Agreement. No transfer fee for transfer of the Area Development Agreement.	Upon approval by Franchisor of the transfer.	No fee is imposed for transfer to other Pool Scouts franchise owners, a franchisee's family members (defined as the spouse, parent (including step-parent), sibling (including half-sibling) or child (including step-child), whether natural or adopted, or franchisee's employees.
Sales Commission	The commission on our finding a buyer for your Franchised Business will typically not be less than 10% of the sales price	Upon the execution of the Purchase and Sales Agreement by both the buyer and seller.	You may engage us to sell your existing Franchised Business for a fee agreed upon in a Commission Agreement, which will typically not be less than 10% of the sales price.
Renewal	$5,000 per Franchise Agreement	At time of renewal.	You will sign a then current Franchise Agreement and execute a general release upon renewal.
Complaint Fee & Customer Refunds	$50	As incurred.	Applies only if we respond to a customer complaint about your service. Complaint fees are subject to change on 30 days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds.
Late Payment	$100 per occurrence, plus lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law.	As incurred.	Failure to submit a weekly Net Revenue report on the 1st business day of the week will result in a $200 Late Report Fee which will be added to the Royalty and Service Fee due for the week. The maximum rate which may be charged in California is 10% annually.
Interest on Overdue Payments	18% or the highest interest rate permitted by law, whichever is less.	Due with the payment of outstanding amounts.	Payable on overdue amounts. See Note 3.

Fee	Amount	Due Date	Remarks
Indemnification	For both the Franchise Agreement and Area Development Agreement: Will vary under circumstances	As incurred.	You will be required to reimburse us for any and all damages and claims (including reasonable attorneys' fees) arising out of any suits, actions, proceedings, or claims filed against us, unless such claim is solely the result of actions by us.
Audit	Cost of audit will include our employees' and/or agents' travel, room and board expenses.	On receipt of invoice.	You must pay any cost we incur for any audit we perform which results in a finding that you have failed to comply with the Franchise Agreement or you have understated by 3% or more in any weekly period your Net Revenue. Our costs will include employees' travel, room and board expenses.
Training Fees	Costs and expenses incurred by your trainees in connection with any training programs and seminars. In addition, there is a $750 per day per trainee charge, plus any cost of travel, for additional training requested by you.	As incurred.	Costs and expenses incurred by your trainees in connection with any training programs (after your initial training) and seminars are your responsibility. In addition, there is a $750 per day per trainee charge for additional training requested by you outside of our regularly scheduled training and seminar programs. There will be no charge for our regularly scheduled training and seminars.
Regional Meetings/ Annual Convention	Annual Convention fee Cost and expenses incurred by your attendees, plus the costs of travel, lodging and entertainment. $1,200 if you fail to attend the Annual Convention.	As incurred As incurred On receipt of notice.	We do not charge a fee to attend required regional meetings, but we may charge a nominal fee to attend the required annual conventions. In 2022, the Annual Convention fee was $199. In addition, you are responsible for all costs and expenses incurred by your attendees, including travel, lodging and entertainment. If you fail to attend the annual convention, we will require you to pay to us $1,200 upon receipt of notice from us. If you own multiple franchises, your attendance for one of your franchises qualifies as your attendance for all of your franchises.
Taxes	Varies	As incurred	You must reimburse us for any taxes that we must pay to any state or local taxing authority on account of the operation of your Pool Scouts Business or payments that you make to us.
Purchased Zip Codes	$1.00 per Targeted Household within the		We may, in our sole discretion, permit you to add Purchased Zip Codes (defined as

Fee	Amount	Due Date	Remarks
	unoccupied zip code(s) that is immediately adjacent to your Territory		unoccupied zip codes, which are immediately adjacent to your Territory) at a cost of $1.00 per Targeted Household located within that unoccupied zip code. The fee for the Purchased Zip Codes will be due at the time we agree, and you purchase, the Purchased Zip Codes.
Attorneys' fees and other costs	For both the Franchise Agreement and Area Development Agreement: Will vary under the circumstances.	As incurred	Payable if we prevail in any legal dispute with you

We impose and collect all fees. All fees are non-refundable. All fees are uniformly imposed, unless otherwise noted above.

EXPLANATORY NOTES TO ITEM 6:

1. If you have an existing business operating for a minimum of 2 years performing services similar to those offered by our franchisees, and you agree to convert that business to a Franchised Business, we agree to waive the Royalty and Service Fee otherwise payable by you for customers of that business that existed immediately prior to your execution of the Franchise Agreement ("**Existing Customers**"), subject to your compliance with the Franchise Agreement, for the first 2 years commencing on the open date of the Franchised Business. You must provide us with the information we request with respect to the Existing Customers so that we may upload that information to our customer relations management system. The services that you provide to the Existing Customers (as well as all other customers) will be tracked through that system. At the end of such 2-year period, Royalty and Service Fees are due and payable with respect to all such Existing Customers in accordance with the terms of the Franchise Agreement. The waiver of Royalty and Service Fees for Existing Customers during the first 2-year period does not affect any reporting or other payment requirements and you are required to submit all reports, including royalty reports, for all Existing Customers and all other customers. For avoidance of doubt, Royalty and Service Fees are due and payable with respect to all other customs who are not Existing Customers in accordance with the terms of the Franchise Agreement.

2. We believe the Mailer Program Fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include

a mark-up which exceeds the direct costs of the Mailer Program, and we may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

3. The maximum interest rate which may be charged in California is 10% annually. The maximum late fee that may be charged in Minnesota is $30.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Initial Franchise Fee [1]	$35,000	Lump Sum	On your signing the Franchise Agreement	Us
Setup Fee [2]	$1,000	Lump Sum	Prior to the Scheduled Opening Date	Us or Pool Scouts Services
Mailing List Fee [2]	$300 to $500	Lump Sum	Prior to the Scheduled Opening Date	Us or Pool Scouts Services
Postcard Fees /	$18,060	Lump Sum	Prior to the Scheduled Opening Date	Us or Pool Scouts Services
Search Engine Optimization Fee [3]	$3,600	Lump Sum	Prior to the Scheduled Opening Date	Us or Pool Scouts Services
Digital Marketing Fees (first 3 months) [3]	$3,000	Lump Sum	As Incurred	Suppliers and/or Us
Integrated Business Management Pre-Opening Fee	$395 to $1,580	Lump Sum	As Incurred, starting second full calendar month after signing	Us or Pool Scouts Services
Integrated Business Management Fee [4]	$1,185	Monthly	As Incurred	Us or Pool Scouts Services
Vehicle [5]	$1,650 to $5,100	As Arranged	As Incurred	Suppliers
Initial Training [6]	$1,000 to $2,000	As Arranged	As Arranged	Suppliers of transportation, food and lodging
Insurances [7]	$1,800 to $3,600	As Arranged	As Incurred	Suppliers and/or Us
Professional Fees [8]	$0 to $2,000	As Arranged	As Incurred	Professionals
Licenses [9]	$500 to $1,500	Lump Sum	As Incurred	Government agencies
Additional Funds for 3 months [10]	$20,000 to $30,000,	Check/Charge	As Incurred	

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Computer, Internet Devices, Phones, Software Setup [10]	$0 to $1,500	As Arranged	Prior to the Scheduled Opening Date	Suppliers and/or Us
TOTALS	**Single Franchise** $87,490 to $109,625			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. The Initial Franchise Fee for a single unit franchise is $35,000. If you have signed an Area Development Agreement, you will pay the Cumulative Franchise Fee based on the number of franchises you acquire. See the chart below for the range of expenses payable for a franchise opened under an Area Development Agreement. If you qualify to participate in our Community Heroes Program, your Initial Franchise Fee may be $32,500. We also participate in IFA's VetFran program; as part of that program we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Franchised Business. You may only receive one discount, either Community Heroes or VetFran, and no discount will be given for either program for subsequent franchises under an Area Development Agreement. We may, in our sole discretion, finance a portion of your Initial Franchise Fee. The annual interest rate is typically 12% but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed. See details in Item 5 and Item 10.

2. Our affiliate, PS Services, is currently the only approved supplier of the Mailer Program in which you must participate. We may approve a different affiliate or a third-party supplier in the future. Through the Mailer Program, you are required to send 42,000 postcards to the Targeted Households located in your Territory for your Franchised Business each year. The actual schedule, distribution and frequency will be determined by us in cooperation with you each year. Currently, the Postcard Fee is $0.43 per postcard.

   You must pay the Setup Fee, which is currently $1,000.

   You must pay the Mailing List Fee, which is currently $0.05 per Targeted Household on the mailing list. The Mailing List Fee of $300 - $500 is based on 6,000 to 10,000 Targeted Households. The mailing list is purchased on an annual basis by PS Services. Specific addresses and names are not shared with franchisees.

   The Mailer Program Fee is subject to change, with notice, to reflect changes in cost. For the first full Season, one hundred percent (100%) of the Mailer Program Fee must be paid 30 days prior to the Scheduled Opening Date. The payment schedule for each Season thereafter will require a payment each week in advance of the mailing. The amount of each payment will be determined by us based on the Targeted Households in your Territory and

mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable.

3. We or our affiliate, Pool Scouts Services, or a designated supplier are the only approved suppliers of required Digital Advertising Program in which you must participate. For the first Season that the Franchised Business is open, 100% of the Search Engine Optimization Fees for SEO must be paid at the time your website goes live. The payment schedule for the Search Engine Optimization Fee for SEO in subsequent years will require you to pay $300 per month, payable in advance 1 month prior to the month of service. SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the Search Engine Optimization Fee for SEO will be $3,600 regardless of the number of territories open. You may only have 1 website. In addition to SEO, we also require you to pay to us, Pool Scouts Services, or our approved suppliers the Digital Marketing Fee (depending on your geographic location, currently, $12,000 per year, per territory) for online placement services, such as pay-per-click advertising, social media advertising, remarketing, and various digital advertising services.

4. You must use the integrated business management systems approved by us. The system includes web-based field service management, email market management, email service and telephone services. You must implement and be trained on the integrated business management systems. Access to these systems, as well as payment of the $395 monthly fee, commences with your onsite training. "The pre-opening fee" reflects a range of 1-3 months between commencement of training and your actual Opening Date.

5. The only service vehicles we have approved are a recent model (5 years or less) Ford Transit or Ford Transit Connect, Ford Maverick, or Toyota Tacoma as specified in the Operations Manual. You will be required to utilize a vehicle and apply decals we have approved. No vehicle may be used without our approval. Vehicles must meet our specifications including body style, color and model years and we estimate that you will need 1 to 2 vehicles. We do not currently sell or lease vehicles; you must purchase or lease an approved vehicle. We estimate the cost of leasing a new Ford Transit Connect is $550 per month including our required, approved decals. You must maintain an approved vehicle for use in your Franchised Business at all times, however, we have only included a lease estimate for 3 months. Your investment may vary depending upon your decision to lease a new or used vehicle, or to purchase a new vehicle. Our low estimate ($1,650) listed above is our estimate of leasing a new Ford Transit Connect or Toyota Tacoma with all costs bundled into the Lease and our high estimate ($5,100) includes the cost of leasing 2 new Ford Transits or Toyota Tacomas including decals. If you would like to use your existing vehicle or purchase another existing vehicle similarly to those currently approved, you must submit the vehicle for approval, meet the specifications noted in our Operating Manual and receive approval from us. Our approved decals must also be installed on the vehicle at an estimated cost of $2,775 per vehicle.

6. You will incur expenses associated with our initial training program. For this training program, we provide instructors and instructional materials. You must pay for transportation, lodging, food, and wages for you and your employees. The cost will depend on the distance you must travel to the training location, the type of accommodations you

choose, and the number of employees being trained. The estimate is based on travel to our headquarters in Virginia Beach, Virginia for training lasting for 4 to 6 days based on your pool experience and knowledge.

7. We estimate that the range given will be sufficient to cover prepayment of required insurances for the initial phase of the operation of the Franchised Business.

8. You may wish to consult with an attorney, accountant, consultant or other professional to evaluate this Franchise Disclosure Document and Franchise Agreement. If you elect not to engage one of these professionals, your expenses will be $0.

9. You may be required by state and/or local laws and regulations to obtain and maintain a license.

10. You will need to support ongoing expenses, such as payroll, fuel, supplies and other operating costs to the extent these costs are not covered by gross revenue of the Franchised Business. New businesses often generate negative cash flow. We estimate that the amount stated will be sufficient to cover the initial purchase of equipment and supplies, and ongoing expenses for the initial phase of the business which we calculate to be 3 months. This is only an estimate, however, and we cannot assure you that you will not need additional working capital during or after this initial phase. Factors which affect the amount of additional funds required include volume of revenue and expense control. We relied on past experience of Local Operations and their performance when preparing these figures.

11. Prior to opening your Franchised Business, you must acquire computer equipment, internet service and telephone equipment (optional), and implement and be trained on software systems and/or services required by us, at your sole expense. If you already have the required computer equipment and internet services, your initial expenses will be $0.

12. Cost will vary widely and you should review these figures carefully with a business advisor before making any decision to purchase a franchise.

Area Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Cumulative Franchise Fee[1]	$60,000 to $85,000	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for 2-3 Franchised Businesses[2]	$98,250 to $201,745	See Previous Chart	See Previous Chart	See Previous Chart
TOTALS[3]	**$158,250 to $286,745**			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. Cumulative Franchise Fees vary depending on whether you acquire the rights to open 2 or 3 Franchised Businesses, as more fully described in Item 5.

2. If you sign an Area Development Agreement, you will incur the full cost of opening your first Franchised Business within 120 days of the Effective Date of the Area Development Agreement. The low range shown above represents the cost for 2 Franchised Businesses and the high range shown above represents the cost for 3 Franchised Businesses. The range takes into consideration that certain fees may not be applicable to the second and third Franchised Businesses. For example, only 1 SEO Fee is payable if you Franchised Business are in contiguous territories, regardless of the number of Franchised Businesses that you open. In addition, we have assumed that you will operate each Franchised Business from your home, so that you only incur the costs for a computer system one time.

3. The total investment to open 2 to 3 Franchised Businesses under an Area Development Agreement is $158,250 to $286,745, with the range depending on the total number of Franchised Businesses acquired under the Area Development Agreement and the variable factors as listed in the chart for the estimated investment in a single Franchised Business. Our estimated initial investment for 2 to 3 Franchised Business is based on the amounts included in this Disclosure Document. The cost of opening Franchised Businesses in subsequent years according to the development schedule agreed to in the Area Development Agreement may vary, as those estimates may change over time.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To maintain the integrity of the System and the quality of goods and services offered under the Marks, you must purchase products and services used in the operation of the Franchised Business from suppliers we designate and in accordance with our specifications. We may require that you purchase any product or service you use in the operation of the Franchised Business from a single supplier, which may be us or an affiliate of ours. Generally, we expect that products and services purchases will be restricted to a single source if we determine that doing so enables us to obtain favorable terms, is necessary to ensure consistency in the operation of the System, streamlines administration of the system or provides other benefits to us, our franchisees or the System. This does not mean that a single supplier (us, an affiliate or third-party) will offer the lowest price.

Purchases from Us or Our Affiliate

Our affiliate, Pool Scouts Services, is currently the only supplier for the Mailer Program, SEO, the National Call Center, and Integrated Business Management System.

Purchases from Approved Suppliers

Products and services you must purchase from other approved or designated suppliers include the Integrated Business Management System (including tablet access), credit card processing services, marketing and advertising materials (including the digital marketing component of the Digital Advertising Program), cleaning supplies, equipment, tools, uniforms, service agreements and other printed materials and forms, decals, and signs. In some cases, our arrangements with suppliers of some of these products and services may require that we pay the supplier directly. In that event, we will require you to pay us for those products and services.

Standards and Specifications

You must purchase or lease computer equipment and software, insurance and vehicles that meets our specifications, but you may purchase these products and services from a supplier of your choice. We issue specifications to you and maintain them in the Operations Manual which we may modify, in writing, at any time.

Under our current computer equipment and software requirements, we require you to obtain a Windows OS or Mac OS X compatible computer system, Quickbooks Online accounting system, broadband internet access, Polycom VoIP telephone, and a multi-function printer capable of scanning, faxing and printing, meeting the functionality necessary to operate the Integrated Management System software for your Franchised Business.

Insurance

You must obtain provide proof of and maintain required insurance specified in the Operations Manual. Currently this insurance consists of: workers compensation in amounts required by applicable law, comprehensive general liability insurance not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, automobile liability insurance not less than $1,000,000 for the Franchised Business, and the associated cost. Additional insurance obligations may also be specified in the Operations Manual. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within thirty (30) days. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy must name us as additional named insureds and provide for 10 days' prior written notice to us before the cancellation for nonpayment of the premium amount and 30 days' prior written notice to us before cancellation for any other reason or material change of the policy. Each insurance policy must contain a waiver of all subrogation rights against us. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

Alternative Suppliers

If you wish to purchase any product or service to be used in the operation of the Franchised Business from a supplier other than a supplier that has not been approved or designated by us, you must first receive our prior written consent. You must not use, sell, or offer for sale any products or services of the proposed supplier until written approval by us of the proposed supplier is received. We may require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation, research, and testing, either to us or to an independent testing facility designated by us. Except as described in this Item 8, we do not make our criteria for approving suppliers available to franchisees.

We charge no fees for a request of approval of a supplier. If you request approval, we will notify you of our approval or disapproval within 5 business days. Failure to respond constitutes disapproval. We may revoke our approval of a supplier at any time, in writing. We may identify a new or additional supplier (including us or an affiliate) at any time, in writing.

Revenue Derived from Products and Services

We may receive revenue from third party suppliers or affiliates for the sale of equipment, signage, products, chemicals, equipment, supplies, vehicles or services. To the extent that you buy supplies, products, chemicals or service from us, we may mark up the price of the supply, product, chemical or service from a typically discounted price we receive to cover the costs of shipping, materials, labor, overhead and administration of the provision of supplies. None of our officers own a direct interest in any of the suppliers referred to in this Item.

We received a rebate from our largest supplier in 2022 for $25,645 for system-wide purchases for pool chemicals and products. Our affiliate, Pool Scouts Services (and another affiliate, which transferred the revenue to Pool Scouts Services), received revenue totaling $1,295,905 in 2022 from required purchases from us by our franchisees and Local Operations. This amount represented 100% of its revenue. Pool Scouts Services calculates its revenue as all revenue from all Services, products and materials sold, less discounts and returns.

Supplier Terms

We anticipate that we will negotiate purchasing arrangements from time to time with suppliers. We expect, but do not guarantee, that those purchasing arrangements will allow you to obtain certain products and supplies at a lower price or otherwise provide more favorable terms than if you were to purchase them individually. We do not otherwise provide material benefits to you for purchasing from designated or approved sources. But, we consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

We may be compensated by suppliers based on franchisee purchases. In some cases, suppliers may pay us a percentage of the total purchases made by franchisees to be used in the marketing of the supplier's brand at or through the Franchised Businesses. Some suppliers may pay us a cash rebate based on franchisee purchases. In some cases, we may purchase products and supplies from a supplier at a volume discount and re-sell these products and supplies to you. If we

re-sell products and supplies to you, we may require that you pay us more than we paid for those products and supplies in consideration for our administrative expenses incurred in arranging for bulk sales and volume discounts or for warehousing or distributing those products and supplies to you.

Percentage of Total Purchases

We estimate that required initial purchases and leases will be 70% to 80% and required ongoing purchases and leases will be less than 30% to 60% of the total purchases and leases you will make in establishing and operating your franchised business.

Cooperatives

At this time, we do not have any purchasing or distribution cooperatives, but we may elect to establish them.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise, area development, and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this franchise disclosure document.

Franchisee's Obligations	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 3 & 5	Sections 1 & 3	Items 7, 8, and 11
b. Pre-opening purchases/leases	Section 5 and 6	Sections 3 & 5	Items 5, 7, and 8
c. Site development and pre-opening requirements	Sections 5 & 6	Sections 3 & 5	Items 7, 8, and 11
d. Initial and ongoing training	Sections 5 & 6	Section 5	Item 6 and 11
e. Opening	Section 6	Section 5	Item 11
f. Fees	Section 4	Section 2	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 6	Sections 3 & 5	Items 8, 11, 13, and 14
h. Trademark and Principal information	Sections 6, 9 and 10	Sections 5 & 8	Items 13 and 14
i. Restrictions on products/services offered	Sections 5 and 6	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Section 6	Not Applicable	Item 16
k. Territorial development and sales quotas	Section 3	Sections 1 & 3 & Exhibit A	Item 12

Franchisee's Obligations	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
l. Ongoing product/service purchases	Sections 5 and 6	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Section 6	Not Applicable	None
n. Insurance	Section 6	Not Applicable	Items 7, and 8
o. Advertising	Section 5	Not Applicable	Items 6, 8, and 11
p. Indemnification	Section 11	Section 11	Item 6
q. Owner's participation/ management/staffing	Section 6	Not Applicable	Item 15
r. Records/reports	Section 7	Section 5	Item 6
s. Inspection/audits	Section 7	Not Applicable	Items 6 and 11
t. Transfer	Sections 12 and 13	Section 7	Item 6 and 17
u. Renewal	Section 2	Not Applicable	Item 6 and 17
v. Post-termination obligations	Section 9 & 10	Section 6	Item 17
w. Non-competition covenants	Sections 9 and 10	Section 8	Item 17
x. Dispute resolution	Sections 10 and 15	Sections 6, 8 & 16	Item 17
y. Taxes/permits	Section 6	Not Applicable	Item 1
z. Operations Manual and Sales Manual	Section 6	Not Applicable	Item 11 and 14
aa. Regional Meetings / Annual Convention	Section 6	Not Applicable	Item 6

ITEM 10
FINANCING

Franchise Financing. We and/or one of our affiliates may, in our or their sole discretion, finance a portion of your initial investment or operating capital. Whether we will extend financing and the amount of financing will vary depending on, among other factors, the availability of funds, your creditworthiness, the market conditions in your area, and your compliance with existing franchise agreements but may be up to half of your initial fee. The annual interest rate is typically 12%, but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed (Example: $14,750 financed for 3 years at 12% the monthly payment would be $484.06), but we may require other repayment terms such as the submission of daily credit card receipts. The repayment terms that we offer will vary based on your creditworthiness and the amount financed. You or, in the case of an entity, your principals, must personally guarantee the debt. Your spouse (if not a principal) is not required to sign a personal guaranty. We may require a security interest in the assets of the Franchised Business. You may prepay the financed amount at any time during the term of the loan without penalty. You waive the homestead and other available exemptions, presentment, demand, protest, notice of dishonor and all other notices. If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, and seek our collection costs

including attorney's fees from you, and terminate your franchise agreement. See Exhibits F-1, F-2, F-3 and F-4.

To accommodate franchisees who seek to obtain loans through the U.S. Small Business Administration ("SBA") or other SBA loan programs, we may defer principal (but not interest) payments on loan amounts we have financed until SBA loans have been repaid. Under those circumstances, all principal amounts must be repaid within 24 months after the SBA loan is repaid. We are not required to offer you financing of any kind.

We and/or our affiliates reserve the right to sell, assign or discount any note or other obligation arising out of the Franchise Agreement to a third party. If we or our affiliates assign your note, it will not affect our obligation to provide the services described in the Franchise Agreement, but the third party may be immune under the law to any defenses to payment you may have against us.

Currently, we do not offer any lease arrangements. However, in the future we and/or our affiliates or a third-party leasing company may offer lease financing for vehicles, equipment, signs and furniture. Such leasing will be subject to the availability of leasing capacity and your creditworthiness. We are not obligated to provide such leasing programs. If leasing is available pursuant to third party agreements, you may lease only those items which we indicate as eligible for leasing. We do not currently receive any payment from such arrangements with third party leasing companies, though we may receive revenue from your purchase of the leased items. The terms of such leasing programs vary and are yet to be determined for the coming year. Of course, if we do offer a leasing program and you elect to participate, you are obligated to make payments as required by the lessor. In the event you fail to make such payments, whether or not you sign the leasing paperwork, the entire lease amount will become due and payable immediately. We will charge interest on the amounts outstanding and delinquent amounts will subject you to the termination provisions of the Franchise Agreement.

We do not receive payments from any person for the placement of financing, although in the future, we may accept referral fees. We may but are not required to assist you in your efforts to seek financing from third parties.

We do not provide any financing in the State of California.

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

Except as listed below, we are not required under the Franchise Agreement to provide any assistance to you.

A. Pre-Opening Obligations

Before you open the Franchised Business, we will provide the following assistance and services to you:

Franchise Agreement

1. We provide a four (4) to six (6) day Operations Training program virtually and in Virginia Beach, Virginia which addresses critical aspects of operating a Pool Scouts Franchised Business. Please see the chart below for the course schedule. Operations Training is held during select weeks throughout the year. You, if you are an individual, and any Designated Manager must attend and successfully complete this training before you open the Franchised Business. We do not charge for this Operations Training, but you are responsible for any expenses you and your employees incur as a result of attending Operations Training, such as travel, lodging and entertainment. (Franchise Agreement, Section 5.a.)

2. If you are required by local zoning laws to lease or use a commercial and/or office/warehouse space to operate the Franchised Business, we do not provide site selection assistance, only approval. (Franchise Agreement, Section 5.c.)

3. We will loan you one copy of the Operations Manual and one copy of the Sales Manual in digital or hard copy format. See Table of Contents at Exhibit J. (Franchise Agreement, Section 5.b.)

4. Our Operations Manual lists the vehicle(s) we have approved for use in your Franchised Business and that you must purchase or lease. We also provide guidance on, and specifications for, the setup of the vehicle. We provide guidance and advice regarding the selection of your vehicle and commercial location, if any, utilized in your Franchised Business. You are responsible for choosing your vehicle and commercial location that will meet our then current specification in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the vehicle and commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. You are likely to operate your Franchised Business from your home. If you desire to have a commercial location, it is likely that you will sign a Franchise Agreement before we approve a commercial location. The factors we consider in approving your vehicle and commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove your selections of vehicle and commercial location, if any, within 15 days of submission to us. If we do not approve your vehicle or commercial location, if any, you cannot open for business. (Franchise Agreement, Section 5.c.)

5. We will provide the names of suppliers and specifications to you for decals, tools, equipment, supplies, products, chemicals, uniforms, forms, marketing materials and software systems more fully described in Item 8. (Franchise Agreement, Section 5.d.)

Area Development Agreement

The Area Development Agreement does not require us to provide any pre-opening services to you.

Other than as described above, we do not have any other pre-opening obligations and are not required to provide, deliver or install equipment and signs or any other pre-opening assistance to you prior to the opening of the Franchised Business.

B. Continuing Obligations

Franchise Agreement

During your operation of the Franchised Business, we will provide the following assistance and services to you:

1. We will provide, from time to time as we deem appropriate, advice and written materials concerning the swimming pool and spa cleaning business and techniques of managing and operating your Franchised Business, including new developments and improvements in promotion, public relations, customer relations, services, products and chemicals (Franchise Agreement, Section 5.i.)

2. At no charge to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered therein (Franchise Agreement, Section 5.i.)

3. As discussed in Item 8, we will provide the names of suppliers that we approve or that we designate for your purchase of equipment, signs, and/or supplies that will include Pool Scouts products and approved products, chemicals and services to be used in the operation of the Franchised Business. We reserve the right to require you to limit or discontinue the offer of any product, chemical or service in accordance with the Franchise Agreement (Franchise Agreement, Sections 5.d. and 6.)

4. We will provide telephone and/or internet support for your questions regarding operation of the Franchised Business during normal business hours. (Franchise Agreement, Section 5.h.)

5. We may provide and require your attendance at a 1-to-2-day advanced training or national and/or regional meetings. We may hold these meetings at various sites which we select across the country. The agenda for advanced training varies but often focuses on improving business skills in order to increase profitability. We do not charge for these meetings, but you are responsible for all travel, lodging and other expenses you incur to attend. (Franchise Agreement, Sections 5.j and 5.k.)

6. We and/or our designee will provide a call center operation for accepting customer request for services and products for which you must pay us and/or our designee National Call Center Fees. (Franchise Agreement, Section 5.l.)

7. We may require you to use a specified form for customer engagements and forward copies of them to us. We own all accounts which you service. We alone have the right to set the terms and conditions for all service agreements and designate another to invoice the service agreement customers. We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. However, you currently are responsible for all billing and collections of monies due on accounts you service. We require you to participate in our mandatory discount programs. Our service agreement terms, billing procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. (Franchise Agreement, Section 5.d, 5.f and 5.g.)

8. From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary. (Franchise Agreement, Section 5.m.)

9. We will make available to you planning assistance for marketing your Franchised Business including formats for advertising plans and promotional materials. (Franchise Agreement, Section 5.e.)

10. For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract with designated suppliers for products, chemicals and/or services, as specified in the Operations Manual (i.e., products, chemicals, tools, merchandise, supplies; software/service providers for our Integrated Business Management System, Mailer Program services, credit card processing and other items/services). (See Franchise Agreement 5.d and 5.n.)

Area Development Agreement

The Area Development Agreement does not require us to provide any continuing services to you.

Other than as described above, we do not have any other continuing obligations to you in connection with the operation of the Franchised Business.

C. Advertising and Promotional Materials

We raise fees related to system marketing through the Marketing Fees and ongoing Marketing Fees collected from our franchisees. You will be required to pay the Marketing Fee, currently equal to 2% of Net Revenue, as more fully described in Item 6. Franchisees that we, or our affiliates, own and operate will contribute Marketing Fees on the same basis as our franchisees. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System, but we are not required to spend any amount on advertising in your particular Territory. We use advertising and marketing fees to

administer, produce, distribute and/or conduct advertising programs, marketing programs and partnerships, public relations, Internet and social media, marketing systems, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We do not guarantee that you will benefit directly from any advertising or marketing. (Franchise Agreement, Section 5.e).

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees. (Franchise Agreement, Section 4.e.)

In our fiscal year ending December 31, 2022, the Marketing Fees collected were spent accordingly: 68% on public relations and advertising, 15% on production, and 17% on administrative. All remaining funds from the Marketing Fees collected will carry over into our 2023 branding efforts. We do not use any Marketing Fees collected from franchisees to solicit new franchise sales.

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. With our prior approval, we may permit advertising outside of your territory. We recognize that there may be occasions where print, radio, television and internet advertising have reach beyond one's territory. In those instances, prior to you, signing any agreement for such advertising or placing, running, approving or engaging in any such advertising, you must have our approval. All advertising must carry only our toll-free phone number and our headquarters address. However, we may approve the use of a local address and/or a local phone number, which can be rolled over to the National Call Center. (Franchise Agreement, Section 5.e.)

We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products, chemicals or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website.

You must comply with our policies with respect to the creation, maintenance and content of any such web page(s) as well as observance of our privacy policy with information gathered through web forms. We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as Facebook, Twitter, Instagram, TikTok, or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement, Section 6.v.)

We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with marketing fees. The marketing fees will be spent in a way, which in our judgment, benefits the franchise system. Marketing expenditures are not audited other than as part of the Company's annual audit of its financial statements. A summary of marketing fees raised and spent is available to you upon submission of a written request to us. You will not receive a periodic accounting of how we spend the marketing fees we collect. However, upon the completion of the Company's annual audit you may obtain an accounting of marketing expenditures by sending a written request to the attention of our Accounting Department.

Required Advertising Expenditures. For each Franchised Business, upon reaching or exceeding $1,000,000 in Net Revenue in a given calendar year, you are required to annually spend an amount (the "**Required Advertising Expenditure**") on marketing in the succeeding year, as described in the chart below. The Required Advertising Expenditure includes the required Pool Scouts centrally managed programs as well as your own local marketing efforts. Currently, we and/or HCH Services manage the Mailer Program and Digital Advertising Program, each of which count toward your Required Advertising Expenditure. Local marketing initiatives are necessary to supplement the centrally managed programs and should be coordinated with the corporate team.

Prior Year Net Revenue (PYNR)	Required Advertising Expenditure ($)[1]
$1,000,000 to $1,249,999	PYNR x 5%
$1,250,000 to $1,499,999	PYNR x 4%
$1,500,000 and above	$50,000

Note 1: Required Advertising Expenditure is for the subsequent calendar year based on the Net Revenue of the previous calendar year.

Mailer Program. Pool Scouts Services is currently the only approved supplier of the Mailer Program in which you must participate. You must purchase all Mailer Program services from us, our affiliate, Pool Scouts Services, or another affiliate or approved third party supplier. (Franchise Agreement, Section 4.b.)

Digital Advertising Program. We, our affiliate or our designated supplier will provide digital advertising services which includes search engine optimization services and management, pay-per-click, remarketing and other digital services. You must pay us, our affiliate or our designated supplier for these services. (Franchise Agreement, Section 4.f.)

Local Marketing. Local marketing activities are your responsibility and are necessary to complement the centrally managed Mailer Program and Digital Advertising Program. During the first year in which your Franchised Business is open, you must complete a local marketing plan with our team prior to your Scheduled Opening Date. You must complete a local marketing program annually by January 31st for each subsequent year. You must spend a minimum of $5,000 on local marketing within your Territory ("**Local Advertising Expenditure**") during each calendar year. As specified in the Operations Manual, you must use pre-approved marketing templates and collateral, or receive our approval for any marketing collateral not previously approved.

We do not have the power to require cooperatives to be formed, changed, dissolved or merged. As of the issuance date of this disclosure document, we do not require you to participate in any local or regional advertising cooperative or other fund.

D. Franchise Advisory Council

In January 2021, we established and began receiving input and feedback from an advisory council called the "**Franchise Advisory Council**" or "**FAC**." The FAC is comprised of franchisee representatives selected by us. The FAC serves in an advisory capacity only and does not have operational or decision-making power. We will have the ability to form, dissolve and change the FAC.

E. Computer Systems

We will require you, at your expense, to purchase or lease, and thereafter maintain, such computer hardware and software, telephone service, wireless broadband internet service, active e-mail account, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we may specify in the Operations Manual. We currently require you to obtain a Windows OS or Mac OS X compatible computer system, Quickbooks Online accounting system, broadband internet access, appropriate device and technology for VOIP system, and a multi-function printer capable of scanning, faxing and printing, meeting the functionality necessary to operate the Integrated Management System software for your Franchised Business. You will be responsible for maintaining your computer system hardware and software in good repair and condition, and you must promptly install such additions, changes or modifications as we may direct (Franchise Agreement, Section 6.i). There are no limitations on the frequency and cost of your obligation to update the computer software and/or equipment at our request.

We will require you to purchase from a third party, scheduling and work order management software and/or services. We currently require you to obtain such software and/or services from ServiceMinder for dispatching and order management for your Franchised Business. This software stores the data from all customer service activity in the Franchised Business. We will have independent access to the information generated and stored in this system.

We estimate the initial cost of computer equipment and software to be $0 to $1,500 and the ongoing system and software support and/or service contracts to be $350 to $500 per month.

F. Manuals

The table of contents from our Operations Manual is contained in Exhibit J. The Operations Manual contains a total of 213 pages.

G. Site Selection

You may be required, by local zoning laws, to have a commercial location to operate the Franchised Business. If you have a commercial location it will be at your expense, and we must approve of the location prior to acquiring or leasing a location and you must submit to us, in the form we specify, location information, as we may reasonably require, together with a copy of the lease, on terms satisfactory to us. We will have 15 days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site by written notice to you within 15 days, such site will be deemed approved. If we do not approve your location, you cannot open the Franchised Business and we may terminate your Franchise Agreement. In approving a location for the Franchised Business, we consider various factors, including but not limited to, demographics, property desirability and the area surrounding the proposed location. (Franchise Agreement, Sections 5.c and 6.r.)

If you sign an Area Development Agreement, we will determine the boundaries of each Territory for each Franchised Business that you must open at the time you sign the Area Development Agreement. The Territories will be determined in accordance with our standards then in effect.

H. Opening the Franchised Business

We estimate that the typical length of time between signing the Franchise Agreement and opening the Franchised Business is 60 to 180 days. Factors which may affect this time period include the ability to find a site and to negotiate a lease, financing or building permits; zoning and local ordinances; weather conditions; licensing; shortages or delayed delivery of equipment, fixtures, and vehicle decals. You must open and begin operating the Franchised Business within 180 days of the Scheduled Opening Date in the Schedule A of the Franchise Agreement, or we may terminate the Franchise Agreement. (Franchise Agreement, Sections 6.e and 8.)

1. Training

You must oversee the operation of the Franchised Business. Prior to commencement of business, you and your Designated Manager, if one has been designated, must successfully complete, to our satisfaction, our required training and pass a comprehensive test, upon completion of classroom training, that covers the materials included in the Operations Manual. If you or your Designated Manager do not successfully complete training and pass the test, training must be

repeated at the next regularly scheduled training session and at your sole expense until you and your Designated Manager pass the test or your franchise agreement may be terminated. If you hire a new Designated Manager, such person must be approved by us, successfully complete training and pass the test. Before opening the Franchised Business, you (or, if you are a corporation or partnership, one of your principals), your Designated Manager, and any such additional persons as you or we deem appropriate must attend and complete to our satisfaction the initial training program we offer. (Franchise Agreement, Sections 6.b, 6.n and 6.q.) The length of our initial training program is 5-9 days of classroom and field training. We will conduct our initial training program as follows:

TRAINING PROGRAM

Subject	Instructional Materials	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
Overview	Operations Manual	1	NA	HQ
Startup	Operations Manual	1	NA	HQ
Pool Service Industry	Operations Manual	1	NA	HQ
Product Knowledge	Operations Manual	5	NA	HQ
Software Overview	Operations Manual	7	NA	HQ
Back-office Setup	Operations Manual	NA	1	HQ
Advertising and Marketing	Operations Manual	2	NA	HQ
Call Center	Operations Manual	1	NA	HQ
Answering the Phone	Operations Manual	2	NA	HQ
Tech Recruitment	Operations Manual	1	NA	HQ
Marketing	Operations Manual	3	NA	HQ
Pool service and maintenance	Operations Manual	NA	30	HQ/Field
Policies and Procedures	Operations Manual	0.5	NA	HQ
Customer Service	Operations Manual	1.5	NA	HQ
Supplies	Operations Manual	1	NA	HQ
Bookkeeping	Operations Manual	2	NA	HQ
Budget	Operations Manual	1	NA	HQ

Our instructional materials consist of our Operations Manual and our Sales Manuals.

Note: Each topic is taught by one or more of the instructors below, whose business experience is as follows:

Michael Wagner, Pool Scouts President. Michael Wagner has served as the Pool Scouts President since December 2015. Mr. Wagner has extensive corporate sales and client services experience with Chartway Federal Credit Union and DuPont Sustainable Solutions.

Russell Gesher, Director of Operations. Russell Gesher has served as our Director of Operations since June 2022. Prior to joining Pool Scouts, Mr. Gesher held various positions with Home Care Assistance Franchise in Palo Alto, CA, during his 15-year tenure, including Head of

Franchise Operations, Vice President of Franchise Systems, Director of Network Operations and Director of Franchise Development.

Lynlea Rudell, Director of Marketing. Lynlea Rudell has served as our Director of Marketing since July 2021. Prior to this she was our Marketing Manager since June 2020. Prior to joining Pool Scouts Ms. Rudell served as an Account Supervisor for Otto Design & Marketing located in Norfolk, Virginia from October 2011 to May 2020.

Erik Klumpe, Franchise Business Coach. Erik Klumpe has served as a Franchise Business Coach with Pool Scouts since July 2021. Prior to joining Pool Scouts, Mr. Klumpe served as the Director of Canadian Operation at Liberty Tax Service and has over 23 years of franchising experience.

Kirsten Robinson, Franchise Business Coach. Kirsten Robinson has served as a Business Franchise Coach since December 2021. Ms. Robinson has an Executive MBA from Virginia Commonwealth University with a focus in finance and leadership. Prior to this she spent almost 25 years in learning and development.

Trent Rountree, Field Operations Manager. Trent Rountree has served as the Field Operations Manager since February 2023. Prior to that he served as Field Operations and Technical Coash since August 2021. Mr. Rountree has worked in the pool and spa industry for 24 years (1998) in the roles of Lead Pool Technician and Service Manager.

Tiffany Glascock, General Manager Pool Scouts Virginia Beach/Norfolk. Tiffany Glascock has served as General Manager of Pool Scouts Virginia Beach/Norfolk since November 2021. Prior to joining Pool Scouts, Ms. Glascock served as General Manager at multiple Chili's Grill and Bar locations from May 2016 to October 2021.

Bridget Rawls, Vice President of Digital Marketing (BFB). Bridget Cardillo has served as the BFB Vice President of Digital Marketing since February 2023. Prior to that she served as Director of Digital Marketing since January 1, 2019 and previously served as the BFB Digital Marketing Manager since October of 2016. Prior to this, Ms. Cardillo served as Digital Project Manager for Nebo Agency located in Atlanta, Georgia from December 2014 to October 2016, and Brand Manager for Cellairis also located in Atlanta, Georgia from May 2012 to November 2014.

Charles ("Chip") Hall, Direct Mail Program Director (BFB). Chip Hall has served as the BFB Direct Mail Program Director since February 2023. Prior to that he served as the Direct Mail Program Manager since March 2018. Prior to joining us, Mr. Hall enjoyed a twenty-year career as Vice President of Operations and Merchandising for two different mid-size home entertainment distribution companies, one located in Virginia Beach, Virginia and the other in Baltimore, Maryland.

Barbara Sisino, Director of Training and Onboarding (BFB). Barbara has served as the Director of Training and Onboarding since February 2021. Prior to this, Ms. Sisino served as the BFB Training Coordinator since July 2017 and previously served as a Franchise Business Coach for Mosquito Joe from December 2016 to March 2018. Prior to this, Ms. Sisino owned and operated an independent automobile dealership for more than 10 years.

The Initial training program must be successfully completed before the Franchised Business opens using our Mark. The instructors have experience relevant to the subjects covered in our initial training program. If we have any substitute trainers, they will have relevant experience in the subject matter being taught. You and/or such personnel as we may reasonably require must attend our initial training program and must complete the program to our satisfaction. You may designate, and we will approve or disapprove, additional employees to attend the initial training program. The initial training program will take place at our principal place of business.

You and/or such personnel as we may reasonably require must also attend additional courses, seminars, and training programs that we may offer from time to time, including 1-2 day advance training. For all required initial and training courses, we will provide instructors and training materials. There is a charge of $750 per day per person for any additional training courses that you request. You and your employees will be responsible for all other expenses which they incur in connection with the courses, including the cost of transportation, lodging, meals, and wages during any training courses. You may be required to attend regional meetings and/or annual conventions. The regional meetings and annual conventions may be held at various sites across the country which we select. We do not charge for the regional meetings or the annual conventions, but you will be responsible for all expenses that you incur as a result of attending the regional meetings and the annual conventions, such as travel, lodging and entertainment. If we hold an annual convention and you do not attend, you must pay us $1,500. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. (Franchise Agreement, Sections 4.q and 6.z.)

* * *

We reserve the right to delegate any duty or obligation in this agreement to be performed by any designee, employee, or agent of ours, as we may direct.

ITEM 12
TERRITORY

Franchise Agreement

Our Franchised Businesses operate seasonal businesses servicing and cleaning swimming pools and spas to customers located within a geographic area of responsibility. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are added to our System in the future. You may only solicit customers located within the Territory approved by us, using marketing materials we have prescribed or approved. You may not solicit customers located outside your Territory by any means or channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing. We alone will direct marketing and advertising campaigns directed to multiple Territories.

To ensure quality customer service, all customer calls must be answered by a live person in year 1 or unless required by us. We require you to use the services of our designated National Call Center. Customer service requests handled by our National Call Center normally result in the

customer being assigned to franchisees in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

You will receive an exclusive territory. The location and size of the Territory granted to you, as defined in ***Schedule A*** of the Franchise Agreement, will be mutually agreed upon by you and us before the Franchise Agreement is signed. The size of a geographic area granted in a Territory will typically be determined by factors such as the total population and our then-current target household demographics for the Franchise Agreement. Any change will require our prior written consent. We will not permit you to relocate the Franchised Business within your Territory, except in the event you operate your Franchised Business from your home and you move to another home in the same Territory or desire to move your home-based business to a commercial location that we approve in the Territory. We may also permit you to relocate in the event of a fire, flood or other natural disaster prohibits you from operating your Franchised Business from your existing location. Your Territory will contain up to 10,000 estimated Targeted Households. We rely on a third-party source to supply us with data to determine the number of Targeted Households in a Territory. While we believe the data to be accurate, within an acceptable margin of error, there is no way to know the actual number of households with swimming pools or spas that meet our gross income criteria of $100,000. The actual number of households with swimming pools with the gross income criteria may be up to 10,000.

Additionally in ***Schedule A*** is the initial number of Targeted Households located within the Territory. The geographic area granted in a Territory will typically be defined by Zip Code(s) which will encompass an area of which will vary widely in population based on the demographics. We may, in our sole discretion, permit you to add Purchased Zip Codes to your Territory at a cost of $1.00 per Targeted Household in the Purchased Zip Code. Since the Purchased Zip Code will become part of your Territory, you must include all Targeted Households within the Purchased Zip Code in the Mailer Program in which you are required to participate. No other franchisee may directly solicit customers in your Territory. We may sell franchises or locate company or affiliate owned businesses in any Territory other than your Territory, but we will not grant any other franchises to be located within your Territory, nor will we (or our affiliates) locate any outlet within your territory. We may sell any territory other than your Territory to other franchisees or locate company and/or affiliate owned businesses in such territories. Continuation of this limited territorial exclusivity does not depend on your achieving any certain sales volume, market penetration or other contingency.

We use certain demographic mapping software to determine the number of Targeted Households within your Territory and we use a separate third-party provider to purchase the names of the Targeted Households in your Territory. As a result, there may be a variance in count between the two data sets. For purposes of your defined Territory, our calculation of Targeted

Households based on the mapping software is conclusive. However, for the Mailer Program and other Services we require, you are only required to mail to the Targeted Households as they are defined in your Franchise Agreement.

We may sell any territory other than your Territory to other franchisees in your same line of service and/or locate company or affiliate owned businesses in such territories. We do not grant you any options, first rights of refusal or similar rights to acquire any additional franchisees. Although Pool Scouts and/or its affiliates have no current plans to do so, we may in the future establish another channel of distribution, including the Internet, within your Territory and under the Marks or other trademarks, other than through a mobile business, which provides goods and/or services similar to those provided by Pool Scouts franchisees.

We are not required to pay any compensation to you for soliciting or accepting requests for services in the Territory.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Pool Scouts" Franchised Businesses at any location outside your Territory, regardless of proximity to your Territory; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of your Territory that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of your Territory other than for the operation of a "Pool Scouts" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as we deem advisable, and without granting you any rights therein.

We reserve all rights to the Internet utilizing our Marks.

Within your Territory, you may offer services to any individual or business based on the criteria in our Operations Manual and/or Sales Manual. Continuation of your rights to be a franchisee does not depend upon your achievement of a certain sales volume, market penetration or other similar contingency. We may not alter your Territory without your consent.

Area Development Agreement

You will receive an exclusive Territory. If you sign an Area Development Agreement, we will agree on a Development Area and a Development Schedule. The Schedule will identify the number of franchises to be developed and the minimum development rate. When you sign the Area Development Agreement, we will determine the boundaries of the Territories for each of your Franchised Businesses at that time in accordance with our standards then in effect. When you sign the Area Development Agreement, you must also sign at least one Franchise Agreement. The first Franchised Businesses must be operational within 30 days of the Scheduled Opening Date in Schedule A of the Franchise Agreement.

Continuation of your territorial rights does not depend on your achievement of certain sales volume, market penetration or other similar contingency. We may not alter your Development Area without your prior written consent.

If you fail to satisfy the Development Schedule, we may terminate your future development rights within the Development Area. However, termination of your Area Development Agreement will not terminate Franchise Agreements you have already signed.

We do not grant you any options, first rights of refusal or similar rights to acquire any additional development areas or acquire any additional franchises.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Pool Scouts" Franchised Businesses at any location outside the Development Area, regardless of proximity to your Development Area; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of the Development Area that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a "Pool Scouts" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein.

ITEM 13
TRADEMARKS

The Franchise Agreement will allow you to use the Marks for your Franchised Business. Our affiliate, BFB, IP, owns the Marks and has a federal registration on the Principal Register of the U.S. Patent and Trademark Office for the following principal marks:

Mark	Registration No.	Registration Date
POOL SCOUTS	5,061,045	October 11, 2016
POOL SCOUTS and Design	5,061,043	October 11, 2016
PERFECT POOLS, SCOUT'S HONOR	5,061,044	October 11, 2016
SWIM HAPPY AND FLOAT ON.	5,895,334	October 29, 2019
SAVE YOUR ENERGY FOR BELLY FLOPS.	5,654,337	January 15, 2019
PUT DOWN THE POOL NET, PICK UP THE PHONE.	5,654,336	January 15, 2019
YOUR NEIGHBOR'S POOL WILL BE GREEN WITH ENVY.	5,654,335	January 15, 2019

BFB IP intends to file all necessary affidavits of use and renewal applications when they become due.

We license the right to use the Marks from BFB IP, and allow you to use the Marks. BFB IP has granted to us a perpetual, worldwide license to grant franchisees the right to use the Marks in connection with the System. BFB IP may terminate the license agreement if we become insolvent, make an assignment to benefit our creditors, cease doing business, sell our assets or experience a change of control. If the license agreement is terminated, we have the right to continue to allow our franchisees to use the Marks.

Except for the license agreement with our affiliate described above, we are not a party to any agreement that significantly limits our right to use or license the Marks in any manner material to the System.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court. There are no other pending infringements, opposition, or cancellation proceedings or material litigation, involving any of the above Marks.

We do not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere.

You must follow our rules and regulations with respect to the use of the Marks. You cannot use any of the Marks or any other Marks, names, or indicia of origin that are or may be confusingly similar to the Principal Marks as part of a corporate name or other legal name.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it if we, in our sole discretion, determine that substitution of different Mark as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents. We do not own any right in or to any patents that are material to the franchise.

Copyrights. We claim common law copyright protection covering various materials used in our business and the development and operation of the Franchised Business, including the Manual, advertising and promotional materials, and training materials. We have not registered these materials with the United States Registrar of Copyrights, and we are not required to do so.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Operations Manual and Sales Manual. We will provide you a copy in digital or hard copy format of the Operations Manual and Sales Manual on loan for the term of the Franchise Agreement. The Operations Manual is described more fully in Item 11. You must treat the Operations Manual, Sales Manual any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use commercially reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Operations Manual and the Sales Manual will remain our sole property and you must keep it in a secure place.

We may revise the contents of the Operations Manual and the Sales Manual, and you must comply with each new or changed standard. You must ensure that the Operations Manual and Sales Manual is kept current at all times at your expense. If there is a dispute as to the contents of the Operations Manual, the terms of the master copy which we maintain at our home office will control.

Confidential Information. You acknowledge that the Operations Manual, Sales Manual and other confidential information, knowledge, and know-how concerning us and the System are and shall remain our trade secrets. You must not, during or after the term of the Franchise Agreement, divulge or use for the benefit of anyone else any confidential information, knowledge, or know-how concerning us and the System and the methods of operation of the Franchised Business. You may divulge any information which you can demonstrate came to your attention prior to our disclosure or which has become a part of the public domain. Any and all information,

knowledge, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your Designated Manager and any personnel having access to any confidential information to sign covenants that they will maintain the confidentiality of information they receive during their employment at the Franchised Business. These covenants must be in a form we find satisfactory, and specifically identify us as a third party beneficiary of these covenants with the independent right to enforce them.

Customer and Account Information. You acknowledge that we own all customer files, records and account information.

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

You are required to use your best efforts to successfully operate and grow your Franchised Business. You must provide franchise services under your direct supervision and control or under the direct supervision and control of a Designated Manager who we have approved, and not later disapproved. We will not approve a Designated Manager before the Designated Manager successfully completes our Operations Training.

We do not require the Designated Manager to have any specific background or prior experience at this time. You must comply with all federal, state and local laws and regulations, including all laws and regulations relating to federal, state and local taxes. You must secure all necessary permits, certificates, licenses and consents to operate your Franchised Business.

We also may require the Designated Manager, principals, and employees to enter into an agreement not to compete with businesses under the System while you employ them and for 1 year after you cease to employ them, and an agreement not to reveal confidential information obtained in the course of their employment with you.

All of your principals are required to sign a personal guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchise Agreement

You must use the Franchised Business vehicle solely to operate the Franchised Business. You must keep the Franchised Business open and in normal operation for the minimum hours and days we specify in the Operations Manual. You must not use the vehicle for any other purpose or activity without first obtaining our written consent.

Products and Services. For the duration of your franchise, you are restricted from offering products or services other than the franchise products and services defined in the Operations Manual, unless you receive our prior written consent. You must offer all the products and services we prescribe in the Operations Manual, and those products and services are subject to change. There are no limits on our ability to make changes to the types of products and services we authorize you to offer, sell and/or use. You must not sell any other kind of service or product without first obtaining our written consent. You must discontinue selling or offering for sale any services or products that we, in our sole discretion, disapprove in writing at any time. We may suggest pricing for services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. You must, however, participate in the mandatory discount programs that we may establish from time to time.

You must comply with all requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products that we specify. You are not to operate any business other than the Franchised Business without our prior written approval. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes. You must operate according to the Operations Manual.

Customer Service. You must honor our customer service policies, including promotions, customer loyalty feedback programs, referral programs and warranties and satisfaction guarantees, as stated in the Franchise Agreement and the Operations Manual.

Confidential Information and Trade Secrets. Our Operations Manual, Sales Manual operating systems, methods and know-how and our customer information are confidential information and are trade secrets. You may not use or communicate, directly or indirectly, or otherwise disclose our confidential information or trade secrets during or after the expiration, termination, transfer or other disposition of your franchise.

For a description of your restrictions on some purchases, see Item 8 of this disclosure document.

Except as described above, neither the Franchise Agreement nor any other practice restricts the goods or services which you may offer, or the customers you may solicit from the location of your Franchised Business.

Area Development Agreement

The Area Development Agreement does not contain provisions restricting the products or services you may offer. However, with respect to each Franchised Business developed under the Area Development Agreement, you will be subject to the restrictions on products and services contained in our then-current Franchise Agreement. The restrictions in our current Franchise Agreement are described above.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP
AND
THE AREA DEVELOPMENT RELATIONSHIP

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

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
a. Term of the franchise	Section 2	Section 4	FA: 10 years. ADA: Date upon which Area Developer has opened and in operation all of the Franchised Businesses set forth in the Development Schedule.
b. Renewal or extension of the term	Section 2	None	FA: You may renew for two 5-year renewal terms, if you meet our conditions. ADA: None
c. Requirements for you to renew or extend	Section 2	None	FA: You may renew if you give us notice of your intent to renew, modernize the Franchised Business to reflect the System standards in effect at the time, are not in default, have paid all your monetary obligations, sign our then-current Franchise Agreement, sign a release of claims against us, meet our qualification and training requirements in effect at the time, and pay us a renewal fee. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. ADA: None
d. Termination by you	None	None	You may terminate by not renewing.
e. Termination by us without cause	None	None	Not Applicable
f. Termination by us with cause	Section 8	Section 6	FA: We may terminate only if you default. ADA: We may terminate if you default under the Area Development Agreement or any Franchise Agreement.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
g. "Cause" defined– defaults which can be cured	Section 8(c)	Section 6	FA: Failure to permit inspection; failure to maintain the standards dictated by us; failure to comply with the material terms of any agreement; the sale of unauthorized products or services; failure to maintain insurance and licenses; receipt of unreported revenue; and others. ADA: 30 days to satisfy a final judgment; 30 days to dismiss a suit to foreclose any lien or mortgage against the premises or any equipment of the Franchised Business; 15 days to remedy certain material breaches that are not otherwise curable.
h. "Cause" defined- defaults which cannot be cured	Section 8(b)	Section 6	FA: Bankruptcy or insolvency; conviction or allegation of certain crimes; abandonment; attempting to execute an unauthorized transfer; failure to begin operations and pay required Mailer Program Fees within 30 days of the Scheduled Opening Date in Schedule A of Franchise Agreement or add additional lines of service within 90 days of written notice; failure to maintain required hours of operation; unreported revenue; marketing outside your Territory without prior approval; misuse of the Marks; three or more breaches within 12 months; failure to attend 2 annual conventions; and others as may apply. ADA: Bankruptcy or insolvency, execution against Area Developer's business or property; real or personal property is sold after levy; Area Developer fails to meet the Development Schedule.
i. Your obligations on termination/non-renewal	Section 9	Section 8	FA: Cessation of operations and use of Marks and information; assignment of lease; modification of premises; transfer of certain items; payment of monies due; compliance with post-term covenants; return of all customer and account information; and others as may apply. ADA: Compliance with post-termination covenant not to compete.
j. Assignment of contract by us	Section 13	Section 7	FA: No restriction on our right to assign. ADA: No restriction on our right to assign.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
k. "Transfer" by you – definition	Section 13	Section 7	FA: Transfer of rights or obligations under the Franchise Agreement or of the assets or ownership of franchisee. ADA: Transfer of rights or obligations under the Area Development Agreement of the assets or ownership of Area Developer.
l. Our approval of transfer by you	Section 13	Section 7	FA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied. ADA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied.
m. Conditions for our approval of transfer	Sections 13.b, f., g., h., i., and j.	Section 7	FA: Satisfaction of financial obligations; good standing; execution of a general release; payment of transfer fee; written assignment of obligations; qualified new franchisee; refurbishing of the Franchised Business; transferee's completion of training programs; warranty reserve; execution of concurrent agreements; and others as may apply. ADA: Qualified transferee; transferee's completion of training programs; transferee's execution of required agreements and assumption of obligations; execution of release; payment of transfer fee.
n. Our right of first refusal to acquire your business	Sections 13.c.	Section 7	FA: We have the right to purchase the Franchised Business before transfer. ADA: We have the right to purchase all of the interest being transferred.
o. Our option to purchase your business	None	None	Not Applicable
p. Your death or disability	Section 12	None	FA: Executor or representative has 6 months to arrange for a transfer, or 6 months to dispose of decedent interest in Franchised Business. Upon death and until appointment of Designated Manager we may operate your Franchised Business or assign another franchisee to service your customers. ADA: None.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
q. Non-competition covenants during the term of the franchise	Section 10	Section 8	FA: You will not attempt to divert any business to a similar business, nor will you have any interest in any other competing business, without our prior written consent. You will not franchise or license any concept or system, whether or not a competing business or dissimilar business, during the term, without our prior written consent. You will not solicit our existing franchisees for any other system or party. You will not use any of our account or customer information for any purpose or in any context unrelated to your Franchised Business. ADA: You will not have any interest in any other competing business without our prior written consent.
r. Non-competition covenants after the franchise is terminated or expires	Section 9 and 10	Section 8	FA: No competition for a period of 2 years following the termination or expiration of the Franchise Agreement within 15 miles of your Territory or the territory of any other Pool Scouts franchisees or our affiliate-owned business. ADA: No competition for a period of 2 years following a permitted transfer or expiration or termination of the Area Development Agreement within the Development Area or a 15-mile radius of the territories of any other Pool Scouts franchisees or our affiliate-owned business.
s. Modification of the agreement	Section 16	Section 13	FA: No modifications except to the Operations Manual or Sales Manual. Revisions to the Operations Manual or Sales Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement unless mutually agreed to and in writing. ADA: No modifications except by written agreement signed by both parties.
t. Integration/ merger clause	Section 20	Section 13	FA: 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.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	None	Not Applicable
v. Choice of forum	Section 15	Section 16	FA: Court of proper jurisdiction in the Commonwealth of Virginia. ADA: Court of proper jurisdiction in the Commonwealth of Virginia.
w. Choice of law	Section 15	Section 16	FA: The Commonwealth of Virginia. ADA: The Commonwealth of Virginia.

Applicable state law may require additional disclosures related to the information in this franchise disclosure document. These additional disclosures, if any, appear in the state specific addenda attached to this franchise disclosure document.

ITEM 18
PUBLIC FIGURES

As of the date of this disclosure document, we do not use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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.

This Financial Performance Representation consists of the following:

1. **Pool Service/Maintenance Industry Overview.** A short summary of the pool service/maintenance industry is provided below for context regarding the financial performance representation for the Local Operation and the U.S. market.

2. **Pool Scouts Local Operations, LLC.** Our affiliate, PS Local Operations, has been in business since January 2016. We have provided detailed information for this entity, which consists of 2 territories in the southern Hampton Roads region of Virginia.

3. **Pool Scouts Franchising, LLC.** We have provided performance data for our franchise system, including revenue, customer and service metrics. As of December 31, 2022, we had 47 franchise owners ("Franchisees") operating 70 Franchised Businesses. Detailed information for these Franchised Businesses is provided below.

Pool Service/Maintenance Industry Overview

We consider the pool service and maintenance industry ("Industry") to be segmented into seasonal and year-round business models. We believe the Industry to be predominantly seasonal in the northern two-thirds of the United States ("Seasonal Business"). The locations operated by our affiliate, Local Operations, are Seasonal Businesses, running predominantly from mid-March to mid-November. We believe the Industry to be predominantly year-round in the remaining warmer climate states ("Year-Round Business").

In the Seasonal Business market, we segment the services provided into three distinct categories:

(1) **Pool Openings.** Pool openings consist of an extended service call(s) to transition a pool from a closed status throughout the winter to an open status for the summer.

(2) **Pool Service/Maintenance.** Pool service/maintenance consists of the recurring service calls required to maintain the proper water chemistry, a debris-free pool and a clean pool deck. Minor repairs requiring low technical expertise (e.g., pump replacement) and typically less than 60 minutes of labor are included in this category of business.

(3) **Pool Closings.** Pool closings consist of a single extended service call required to transition a pool from an open status to a closed status for the winter. This includes placing a safety cover on the pool, if appropriate.

The Year-Round Business market consists primarily of pool service/maintenance visits, with a relatively few pool openings or closings.

Most Franchisees perform repair work at the equipment pad, which we teach and support. Some Franchisees initially use third-party service providers to perform such repair services. Over time, we expect that most or all Franchisees will obtain the appropriate technical training, experience, and any certification or licensure (as required by applicable state law), to offer repair services directly to their customers.

PS Local Operations

PS Local Operations commenced business operations in January 2016, following the acquisition of the service arm of a Virginia Beach, Virginia-based pool construction firm

("Acquisition"). The Acquisition consisted of 31 service customers, 2 service vehicles, and an experienced pool service professional. PS Local Operations consists of two territories, VA-001 (with an estimated 12,676 Targeted Households across 8 ZIP Codes) and VA-002 (with an estimated 12,236 Targeted Households across 23 ZIP Codes).

TABLE 1 – INCOME STATEMENT FOR CALENDAR YEAR 2022

The Income Statement below illustrates the expenses associated with territories VA-001 and VA-002 for PS Location Operations (collectively referred to in the table below as "Entity") for calendar year 2022. For comparative purposes, an income statement representation for a single territory, VA-001, is also provided, with costs and expenses allocated based on the actual revenue generated in the VA-001 territory.

	Entity		VA-001	
	Totals	**Ratio**	**Totals**	**Ratio**
Revenue	$ 958,821	100.0%	$ 554,067	100.0%
Cost of Goods Sold				
Technician Labor	$ 269,337	28.1%	$ 156,215	28.2%
Materials Costs	$ 138,646	14.5%	$ 80,415	14.5%
Total Cost of Goods Sold	$ 407,983	42.6%	$ 236,630	42.7%
Gross Profit ($)	**$ 550,838**	57.4%	**$ 317,437**	**57.3%**
Gross Margin	***57%***		***57%***	
Itemized Expenses				
Royalty and Service Fee	$ 76,706	8.0%	$ 44,325	8.0%
Marketing Fee	$ 19,176	2.0%	$ 11,081	2.0%
Advertising Expense	$ 61,600	6.4%	$ 35,596	6.4%
Vehicle Expense	$ 26,018	2.7%	$ 15,035	2.7%
Fuel Expense	$ 29,437	3.1%	$ 17,011	3.1%
Credit Card Fees	$ 25,297	2.6%	$ 14,618	2.6%
Insurance	$ 18,612	1.9%	$ 10,755	1.9%
Field Supplies & Safety Gear	$ 20,884	2.2%	$ 12,068	2.2%
Call Center Costs	$ 6,947	0.7%	$ 4,014	0.7%
Integrated Business System Fees	$ 4,200	0.4%	$ 4,200	0.8%
Repairs and Maintenance	$ 1,809	0.2%	$ 1,046	0.2%
Wages and Benefits	$ 39,480	4.1%	$ 22,814	4.1%
Total Itemized Expenses	**$ 330,166**	34.4%	**$ 192,564**	**34.8%**
Operating Cash Flow Before Non-Itemized Expenses	**$ 220,672**	23.0%	**$ 124,873**	**22.4%**
Operating Cash Flow Margin	***23%***		***22%***	\

Notes for Table 1:

1. The information set forth in the Income Statement summarizes financial performance for PS Local Operations in its entirety and for the VA-001 territory, from January 1, 2022 through December 31, 2022.
2. "Revenue" means the revenue billed for pool openings, recurring customer services, pool closings, and one-time services and repairs. Revenue from services to customers located in ZIP Codes not assigned to either VA-001 or VA-002 is included in the table and allocated equally across both territories.
3. "Technician Labor" includes all costs (wages, taxes, etc.) for the technicians that performed the services.
4. "Materials Costs" includes the actual cost of chemical products, parts and consumables required to complete the total services for the period.
5. PS Local Operations did not pay us any royalty fees or marketing fees during this timeframe. We supplemented the PS Local Operations Income Statement to include a "Royalty and Service Fee" entry to reflect the Royalty and Service Fee of 8%, and the "Marketing Fee" entry to reflect the Marketing Fee of 2%, that you will have to pay. You will be required to pay to us, our affiliates or our designated suppliers all of the fees described in this disclosure document. Other than the Royalty and Service Fee, Local Operations incurs the same costs for these items as our franchisees will incur.
6. The above information is stated as Operating Cash Flow Before Non-Itemized Expenses. Non-Itemized Expenses may include but are not limited to (a) rent and utilities should you decide to operate the business from a commercial location, (b) additional wages and benefits should you decide to hire an office manager to run the business instead of running it yourself, (c) professional expenses such as accounting services should you decide to outsource this function, and (d) discretionary expenses such as office supplies, meals and entertainment, professional dues/subscriptions or charitable contributions.

TABLE 2 –REVENUE, CUSTOMER AND SERVICE METRICS

LOCAL OPERATIONS REVENUE BY TERRITORY[1,2,3]			
	2021	**2022**	**YoY Growth Rate (%)**
VA-001	$426,982	$554,067	30%
VA-002	$321,963	$397,366	23%
Entity	**$748,945**	**$951,433**	**27%**

LOCAL OPERATIONS CUSTOMERS COUNT BY TERRITORY			
	2021	**2022**	**YoY Growth Rate (%)**
VA-001	509	552	8%
VA-002	400	410	2%

Entity	**909**	**962**	**6%**

LOCAL OPERATIONS SERVICE COUNT BY TERRITORY[3]			
	2021	**2022**	**YoY Growth Rate (%)**
VA-001	4,163	4,203	1%
VA-002	2,881	2,897	1%
Entity	**7,044**	**7,100**	**1%**

Notes for Table 2:

1. PS Local Operations revenue includes pool opening revenue, recurring service revenue (including revenues from resale of pool treatment chemicals) and pool closing revenue, as well one-time services or repairs, less any applicable discounts or credit.
2. Revenue for each of the territories in this chart includes revenue from repair services (and parts). New franchisees may not be able to provide repair services directly to customers immediately upon their commencement of operations, unless they already have the requisite technical training, experience, and necessary certification or licensure (as required by applicable state law).
3. Revenue, customers and services located in ZIP Codes not assigned to either the VA-001 territory or the VA-002 territory are included in the table and allocated equally across both territories.

TABLE 3 – 2022 PS LOCAL OPERATIONS BUSINESS PERFORMANCE METRICS

CUSTOMER SALES METRICS		
Metric Tracked	**Question/Answer**	**Notes**
1. Customer Acquisition Cost	**How much does it cost to recruit a single customer?** PS Local Operations recruited 433 new customers in 2022 on a local marketing spend of $61,600 for an average acquisition cost of $142 per customer. The median cost to acquire a customer was $257.	1,2,3

OPERATIONAL METRICS		
Metric Tracked	**Question/Answer**	**Notes**
1. Technician Cost	**How much did PS Local Operations pay its technicians?** PS Local Operations technicians do not receive benefits and are paid on an hourly basis. The average hourly rate in 2022 was $17.13/hour.	4

OPERATIONAL METRICS		
Metric Tracked	**Question/Answer**	**Notes**
	The range was $15.50/hour to $22.66/hour. The median wage in 2022 for technicians was $16.00/hour.	
2. Services Per Customer	**How many services did PS Local Operations provide per customer?** PS Local Operations provided 7,100 services to 962 unique customers in 2021 for an average of 7 services per customer. The range of services per customer was 1 to 50. The median services per customer was 3.	5
3. Revenue Per Truck	**How much revenue did a PS Local Operations truck generate?** PS Local Operations averaged 7 trucks during the season and generated approximately $135,919 per vehicle.	6
4. Customers Per Truck	**How many customers did PS Local Operations service per truck?** The number of customers that a single truck can service will depend on the geographic market in which you operate, the density of your customer base, the efficiency of your routing and the type of service being provided. During the 2022 summer months, PS Local Operations was able to provide recurring service to 8-14 customers per truck per day, with one or two technicians. For opening and closing services, two technicians were able to service 4-5 customers per truck per day.	6

FINANCIAL METRICS		
Metric Tracked	**Question/Answer**	**Notes**
1. Revenue Per Customer	**How much revenue per customer did PS Local Operations generate?** PS Local Operations' average revenue per customer in 2022 was $989. The median revenue per customer in 2022 was $734.	1
2. Revenue Per Pool Opening	**How much revenue per pool opening as described above did PS Local Operations generate?** PS Local Operations' average revenue per pool opening in 2022 was approximately $371. The median net revenue per pool opening in 2022 was $380.	1

FINANCIAL METRICS		
Metric Tracked	**Question/Answer**	**Notes**
3. Revenue Per Service Visit	**How much revenue per service visit did PS Local Operations generate?** PS Local Operations' average revenue per visit in 2022 was $134 per visit. The median net revenue per visit in 2022 was $112 per visit.	1
4. Revenue Per Pool Closing	**How much revenue per pool closing service did PS Local Operations generate?** PS Local Operations' average revenue per pool closing in 2022 was $341 per service. The median net revenue per pool closing in 2022 was $354.	1

Notes for Table 3:

1. Based on Pool Scouts CRM data for PS Local Operations.
2. Cost data from the PS Local Operations' 2022 marketing budget.
3. A "new customer" is any customer that was not previously serviced by PS Local Operations prior to January 1, 2022.
4. PS Local Operations has elected to pay above the minimum wage to attract a more experienced technician, which we believe helps to (a) keep customer satisfaction high and (b) recruit additional customers.
5. Services Per Customer is the total services provided for the year divided by the total number of customers.
6. Revenue per Truck and Customers Per Truck data is provided to demonstrate the observed efficiency of PS Local Operations' technicians during the busiest part of 2022. The number of services your technicians are able to perform in a single day, per truck, may also be limited by the number of customers you have requesting service.

TABLE 4 -- PENETRATION ANALYSIS BY ZIP CODE

Table 4a. VA-001

	Zip	Customers	Target Households	Average Household Income	2022 Household Penetration
	1	51	1,339	$115,256	3.8%
	2	74	1,833	$102,521	4.0%
	3	36	805	$84,030	4.5%
	4	109	2,682	$112,454	4.1%
	5	70	1,576	$109,657	4.4%
	6	156	3,465	$126,243	4.5%

	7	13	294	$107,025	4.4%
	8	27	682	$76,341	4.0%
Total		536	12,676	$104,191	4.2%

Table 4a. VA-002

	Zip	Customers	Target Households	Average Household Income	2022 Household Penetration
	1	63	1,175	$88,347	5.4%
	2	37	883	$99,673	4.2%
	3	107	3,668	$125,603	2.9%
	4	27	906	$100,621	3.0%
	5	2	114	$54,215	1.8%
	6	6	310	$91,661	1.9%
	7	11	559	$118,559	2.0%
	8	69	2,119	$102,262	3.3%
	9	7	243	$72,633	2.9%
	10	9	272	$76,189	3.3%
	11	2	30	$50,368	6.8%
	12	18	277	$72,490	6.5%
	13	1	55	$114,913	1.8%
	14	8	144	$76,815	5.6%
	15	7	125	$79,331	5.6%
	16	1	11	$92,008	9.1%
	17	1	109	$74,570	0.9%
	18	3	21	$73,490	14.3%
	19	24	493	$87,577	4.9%
	20	2	312	$75,902	0.6%
	21	1	102	$66,760	1.0%
Total		406	11,928	$85,428	3.4%

Notes for Table 4a and 4b:

1. The number of Target Households in a given ZIP Code is based on detached, single-family households that have an in-ground pool and that earn more than $75,000 in household income annually.
2. Household data was obtained from our third-party territory mapping software program, using data as of April 2021.
3. The data represented in Tables 4a & 4b are for calendar year 2022.

Pool Scouts Franchising, LLC

Unless otherwise noted, the following tables are based on the results of the 40 territories which have been open and operating for 9 months or more as of December 31, 2022.

TABLE 5 – SYSTEM-WIDE PERFORMANCE BY TERRITORY CLASS

Revenue

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
Class of 2017	1	$ 1,155,937	N/A	$ 1,155,937	$ 1,155,937	$ 1,155,937	$ 809,992	43%
Class of 2018	4	$ 595,882	1 (25%)	$ 507,683	$ 1,025,845	$ 342,316	$ 451,692	32%
Class of 2019	8	$ 211,055	4 (50%)	$ 169,123	$ 454,721	$ 69,200	$ 160,217	32%
Class of 2020	2	$ 254,265	1 (50%)	$ 254,266	$ 429,269	$ 79,262	$ 113,505	124%
Class of 2021	11	$ 175,463	6 (54%)	$ 181,295	$ 320,934	$ 58,522	$ 117,340	50%
Class of 2022	14	$ 151,547	6 (43%)	$ 139,765	$ 455,121	$ 39,128	-	
All Territories	40	$ 235,690		$ 155,877	$ 1,155,937	$ 39,128	$ 201,598	17%

Customers

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
Class of 2017	1	714	N/A	714	714	714	611	17%
Class of 2018	4	320	1 (25%)	250	574	205	289	11%
Class of 2019	8	152	3 (38%)	122	351	46	148	3%
Class of 2020	2	217	1 (50%)	217	384	49	239	-9%
Class of 2021	11	117	5 (45%)	109	190	68	95	23%
Class of 2022	14	122	5 (36%)	116	317	39	-	N/A
All Territories	40	162		122	714	39	128	27%

Services

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
Class of 2017	1	10206	N/A	10206	10206	10206	7443	37%
Class of 2018	4	7905	2 (50%)	7874	9922	5949	5713	38%
Class of 2019	8	4254	4 (50%)	3772	8354	931	3612	18%
Class of 2020	2	3409	1 (50%)	3409	5500	1317	1696	101%
Class of 2021	11	2390	4 (36%)	2246	4434	783	1485	61%
Class of 2022	14	1845	7 (50%)	1965	4256	523	-	N/A
All Territories	40	$ 3,248		2,268	10,206	523	2,262	44%

Notes for Table 5:

1. The growth rate represents the change in location performance in revenue for calendar years 2021 and 2022.
2. Revenue from out of territory zip codes is included in the table for all franchise locations.
3. Revenue from repair (services and parts) for the franchise system was 17% of total revenue in calendar year 2021 and 13% in calendar year 2022.
4. A "Class" is comprised of the territories that opened during the stated calendar year and that were operating for at least nine months of the calendar year.
5. Any territory that experienced a change in ownership during the timeframe 2020-2022 has been excluded from this representation.
6. A "territory" is a single territory operated by a franchisee.

TABLE 6 –REVENUE PERFORMANCE BY TERRITORY CLASS, 2020-2022

Table 6a. Average/Median Revenue Performance by Territory Class

Class of	2020			2021			2022		
	Average	Median	# above Avg (%)	Average	Median	# above Avg (%)	Average	Median	# above Avg (%)
2017	$ 492,843	$ 492,843	N/A	$ 809,992	$ 809,992	N/A	$ 1,155,937	$ 1,155,937	N/A
2018	$ 271,758	$ 238,097	2 (50%)	$ 451,692	$ 416,718	2 (50%)	$ 595,882	$ 507,683	2 (50%)
2019	$ 125,859	$ 108,012	3 (38%)	$ 160,217	$ 135,421	4 (50%)	$ 211,055	$ 169,123	4 (50%)
2020	$ 37,807	$ 37,807	1 (50%)	$ 113,505	$ 113,505	1 (50%)	$ 254,265	$ 254,265	1 (50%)
2021				$ 117,340	$ 80,227	5 (45%)	$ 175,463	$ 181,295	6 (55%)
2022							$ 151,547	$ 139,765	6 (43%)

Table 6b. Highest/Lowest Revenue Performance by Territory Class

High / Low

	2020		2021		2022	
	High	Low	High	Low	High	Low
Class of 2017	$ 492,843	$ 492,843	$ 809,991	$ 809,991	$ 1,155,937	$ 1,155,937
Class of 2018	$ 404,198	$ 206,641	$ 699,344	$ 273,988	$ 1,025,845	$ 342,316
Class of 2019	$ 237,758	$ 45,249	$ 339,400	$ 22,231	$ 165,984	$ 46,471
Class of 2020	$ 48,559	$ 27,055	$ 166,573	$ 60,437	$ 429,269	$ 79,262
Class of 2021			$ 323,751	$ 13,032	$ 320,934	$ 58,522
Class of 2022					$ 200,373	$ 79,717

Notes for Table 6a and 6b:

1. Revenue from out of territory zip codes is included in the table for all franchise locations.
2. A "Class" is comprised of the territories that opened during the stated calendar year and that were operating for at least nine months of the calendar year.
3. Any territory that experienced a change in ownership during the timeframe 2020-2022 has been excluded from this representation.
4. A "territory" is a single territory operated by a franchise.

TABLE 7 – REVENUE GROWTH BY TERRITORY CLASS, 2020-2022

Class of	2020-2021	2021-2022	2020-2022
2017	64%	43%	**135%**
2018	66%	32%	**119%**
2019	26%	20%	**51%**
2020	200%	124%	**573%**
2021	N/A	50%	**N/A**

Notes for Table 7:

1. Revenue from out of territory zip codes is included in the table for all franchise locations.
2. A "Class" is comprised of the territories that opened during the stated calendar year and that were operating for at least nine months of the calendar year.
3. Any territory that experienced a change in ownership during the timeframe 2020-2022 has been excluded from this representation.
4. A "territory" is a single territory operated by a franchise.

TABLE 8 – "YEAR-ROUND" MARKET PERFORMANCE

Table 8a. "Year-Round" Market Performance by Territory Class, 2022

2022 "Year-Round" Business Revenue Performance by Territory

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
Class of 2017	-	$ -		$ -	$ -	$ -	$ -	
Class of 2018	2	$ 451,480	1 (50%)	$ 451,480	$ 560,644	$ 342,316	$ 416,718	8%
Class of 2019	7	$ 176,245	3 (43%)	$ 107,559	$ 427,736	$ 46,471	$ 143,964	22%
Class of 2020	1	$ 79,262	N/A	N/A	$ 79,262	$ 79,262	$ 60,437	31%
Class of 2021	7	$ 162,698	3 (43%)	$ 119,195	$ 320,934	$ 58,522	$ 106,165	53%
Class of 2022	6	$ 136,400	4 (67%)	$ 155,877	$ 200,373	$ 39,128	-	N/A
All Year Round Territories	***23***	***$ 181,444***		***$ 154,070***	***$ 560,644***	***$ 46,471***	***$ 155,575***	***17%***

Customers

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2020-2021)
Class of 2017	-							
Class of 2018	2	243	1(50%)	243	280	205	247	-2%
Class of 2019	7	147	3(43%)	86	351	46	142	4%
Class of 2020	1	49	N/A	49	49	49	36	36%
Class of 2021	7	105	3(43%)	99	172	71	82	28%
Class of 2022	6	113	3(50%)	116	185	39	-	N/A
All Year Round Territories	***23***	*128*		*109*	*351*	*39*	*107*	*20%*

Services

	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2020-2021)
Class of 2017	-							
Class of 2018	2	8,349	1(50%)	8,349	9,922	6,776	6,220	34%
Class of 2019	7	4,012	3(43%)	2,883	8,354	931	3,548	13%
Class of 2020	1	1,317	N/A	1,317	1,317	1,317	1,089	21%
Class of 2021	7	2,811	4(50%)	2,890	4,434	1,589	1,644	71%
Class of 2022	6	2,385	3(50%)	2,262	3,449	1,778	-	N/A
All Year Round Territories	***23***	*3,482*		*2,388*	*9,922*	*931*	*1,476*	*136%*

Table 8b. "Year-Round" Market Revenue Growth by Territory Class, 2020-2022

Class of	2020	2021	2022	2020-2022 Growth (%)
2017	$ -	$ -	$ -	N/A
2018	$ 140,307	$ 416,718	$ 451,480	222%
2019	$ 94,864	$ 143,964	$ 176,245	86%
2020	$ 27,055	$ 60,437	$ 79,262	193%
2021		$ 106,165	$ 162,698	N/A
2022			$ 136,400	N/A
All "Year Round" Territories	***$ 130,348***	***$ 155,575***	***$ 181,444***	***39%***

Notes for Table 8a and 8b:

1. "Year-Round" market includes all territories in the states of Arizona, Florida and Texas.
2. The 23 "Year-Round" market territories in these tables were operational for 9 or more months in calendar year 2022.
3. Revenue from out of territory zip codes is included in the table for all franchise locations.
4. A "Class" is comprised of the territories that opened in the stated calendar year and that were open for at least nine months of the calendar year.
5. Any "Year-Round" market territory that experienced a change in ownership during the timeframe 2020-2022 has been excluded from this representation.
6. A "territory" is a single location operated by a franchisee.
7. There were no "Year-Round" market territories to represent the class of 2017.

TABLE 9 – "SEASONAL" TERRITORY CLASS REVENUE PERFORMANCE

Table 9a. "Seasonal" Market Performance by Territory Class, 2022

Revenue

Class of	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2021-2022)
2017	1	$ 1,155,938	N/A	$ 1,155,938	$ 1,155,938	$ 1,155,938	$ 808,168	43%
2018	2	$ 740,283	1 (50%)	$ 740,283	$ 1,025,845	$ 454,721	$ 486,666	52%
2019	1	$ 94,156	N/A	$ 94,156	$ 94,156	$ 94,156	$ 99,283	-5%
2020	1	$ 429,269	N/A	$ 429,269	$ 429,269	$ 429,269	$ 166,573	158%
2021	4	$ 197,802	2 (50%)	$ 198,028	$ 279,214	$ 115,936	$ 136,898	44%
2022	8	$ 162,907	2 (25%)	$ 125,457	$ 455,121	$ 67,483	-	N/A
All SeasonalTerritories	***17***	***$ 309,082***		***$ 179,859***	***$ 1,155,938***	***$ 67,483***	***$ 288,530***	***7%***

Customers

Class of	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2020-2021)
2017	1	714	N/A	714	714	714	611	17%
2018	2	397	1(50%)	397	574	220	331	20%
2019	1	220	N/A	220	220	220	187	18%
2020	1	384	N/A	384	384	384	203	89%
2021	4	137	3(75%)	144	190	68	119	15%
2022	8	129	2(25%)	116	317	60	-	N/A
All SeasonalTerritories	***17***	*208*		*128*	*714*	*60*	*158*	*32%*

Services

Class of	# of Territories	2022 Average	# above Average (%)	Median	High Territory	Low Territory	2021 Average	YoY Growth (2020-2021)
2017	1	10,206	N/A	10,206	10,206	10,206	7,433	37%
2018	2	7,460	1(50%)	7,460	8,971	5,949	5,205	43%
2019	1	5,949	N/A	5,949	5,949	5,949	4,060	47%
2020	1	5,500	N/A	5,500	5,500	5,500	2,303	139%
2021	4	1,654	2(50%)	1,773	2,289	783	1,206	37%
2022	8	1,427	2(25%)	1,060	4,256	523	-	N/A
All SeasonalTerritories	***17***	*2,605*		*1,237*	*10,206*	*523*	*1,694*	*54%*

Table 9b. "Seasonal" Market Revenue Growth by Territory Class, 2020-2022

Class of	2020	2021	2022	2020-2022 Growth (%)
2017	$ 492,843	$ 808,168	$ 1,155,938	135%
2018	$ 305,420	$ 486,666	$ 740,283	142%
2019	$ 79,969	$ 99,283	$ 94,156	18%
2020	$ 48,559	$ 166,573	$ 429,269	784%
2021		$ 136,898	$ 197,802	N/A
2022			$ 162,907	N/A
All "Seasonal" Territories	***$ 246,442***	***$ 288,530***	***$ 309,082***	***25%***

Notes for Table 9a and 9b:

1. "Seasonal" market includes all territories outside of Arizona, Florida and Texas. A "Class" is comprised of the territories that opened in the stated calendar year and that were open for at least nine months of the calendar year.
2. The 17 "Seasonal" market territories in these tables were operational for 9 or more months in calendar year 2022.
3. Revenue from out of territory zip codes is included in the table for all franchise locations.
4. Any "Seasonal" market territory that experienced a change in ownership during the timeframe 2020-2022 has been excluded from this representation.

5. A "territory" is a single location operated by a franchisee.

TABLE 10 – 2022 FRANCHISE SYSTEM BUSINESS PERFORMANCE METRICS

OPERATIONAL METRICS		
Metric Tracked	**Question/Answer**	**Notes**
1. Services Per Customer	**How many services did Pool Scouts provide per customer?** Pool Scouts provided 200,582 services to 11,134 unique customers in 2022 for an average of 18 services per customer. The range of services per customer was 2 to 48. The median services per customer was 16.	1
2. Revenue Per Customer	**How much revenue per customer did Pool Scouts generate?** Pool Scouts averaged $1,302 per customer in 2022. The median revenue per customer was $1,116.	2
3. Customer acquisition cost	**What was Pool Scouts average customer acquisition cost in 2022?** Pool Scouts acquired 6,509 new customers in 2022 for an average cost of $244. The median cost to acquire a customer was $253.	3
4. System-wide Revenue	**What was the growth in system-wide revenue in 2022?** System-wide revenue grew 68% in 2022	
5. System-wide Customer Growth	**What was the system-wide growth in customers in 2022?** System-wide customer counts grew 39% in 2022.	

Notes for Table 10:

1. The metrics provided in Table 10 are for all of the 70 territories open in calendar year 2022, regardless of the number of months operating or non-continuous operation status.
2. Services per Customer is the total services provided for the year divided by the number of customers.
3. Based on Pool Scouts CRM data for all franchisees operating in 2022.
4. A "new customer" is any customer that was not previously serviced by a franchisee prior to January 1, 2022.

Additional Notes

1. Written substantiation for the basis for the information set forth in this Item 19 will be made available to any prospective franchisee upon reasonable request.

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

Other than the preceding financial performance representation, Pool Scouts Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Wagner, 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452, 757.494.3440, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1 – Systemwide Outlets Summary For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Businesses	2020	21	28	+7
	2021	28	49	+21
	2022	49	70	+21
Company-Owned Businesses	2020	4	2	-2
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	25	30	+5
	2021	30	51	+21
	2022	51	72	+21

Table 2 – Transfer of Franchised Outlets
Transfers of Outlets to New Owners (other than Franchisor) For Years 2020 to 2022

State	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	1
Florida	2020	2
	2021	2
	2022	0
North Carolina	2020	0
	2021	1
	2022	0
Tennessee	2020	0

	2021	0
	2022	3
Texas	2020	0
	2021	3
	2022	3
Virginia	2020	0
	2021	0
	2022	2
Total	2020	2
	2021	6
	2022	9

Table 3 – Status of Franchised Business Outlets Summary For Years 2020 to 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
AL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
AZ	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
CT	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
FL	2020	6	2	0	0	0	3	5
	2021	5	6	0	0	0	0	11
	2022	11	4	0	0	0	1	14
GA	2020	0	1	0	0	0	0	1
	2021	1	3	0	0	0	0	4
	2022	4	0	0	0	0	0	4
ID	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KS	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MD	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MI	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
	2022	0	2	0	0	0	0	2
NC	2020	2	2	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	3	0	0	0	0	8
OH	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
TN	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TX	2020	9	5	0	0	0	0	14
	2021	14	4	0	0	0	0	18
	2022	18	7	0	0	0	0	25
UT	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
VA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Total	2020	21	10	0	0	0	3	28
	2021	28	21	0	0	0	0	49
	2022	49	23	0	0	0	2	70

Notes for Table

1. In 2020, Pool Scouts reacquired a Tennessee outlet from its owner-franchisee and then resold it to a new franchisee-owner.

Table 4 – Status of Company-Owned Business Outlets For Years 2020 to 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
FL	2020	2	0	0	0	2	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
TN	2020	0	0	1	0	1	0

	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
VA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Total	2020	4	0	1	0	3	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

Table 5 – Projected New Franchised Business Outlets as of December 31, 2022

STATE	FRANCHISE AGREEMENT SIGNED BUT NOT YET OPEN	PROJECTED FRANCHISED BUSINESSES TO BE OPENED	PROJECTED COMPANY-OWNED UNITS TO BE OPENED
Alabama	0	1	0
Arizona	0	4	0
Colorado	0	1	0
Florida	3	1	0
Georgia	0	1	0
Illinois	1	0	0
Louisiana	0	1	0
Maryland	0	1	0
Missouri	1	0	0
New Jersey	0	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
Pennsylvania	0	1	0
Tennessee	0	1	0
Texas	0	4	0
Virginia	0	1	0
Total	5	21	0

Our franchisees and affiliate owned businesses are listed on Exhibits K and L, respectively. We do not have any previously owned franchises for sale. During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. To our knowledge, no trademark specific franchisee organization associated with the franchise being offered exists. Franchisees who ceased

doing business under a franchise agreement or had an outlet terminated in 2021 are listed on Exhibit K. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. There are no franchisees or area developers who have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

The financial statements listed below are attached to this franchise disclosure document as Exhibit N:

1. Audited financial statements as of December 31, 2022, for the period from January 1, 2020 ending December 31, 2022.

ITEM 22
CONTRACTS

The following contracts are attached to this franchise disclosure document in the following order:

Exhibit D – Franchise Agreement
Exhibit E – Area Development Agreement
Exhibit F-1 – Authorization For Prearranged Payments Agreement (Direct Debits)
Exhibit F-2 – Promissory Note
Exhibit F-3 – Guaranty
Exhibit F-4 – Security Agreement
Exhibit G – Telephone Number Assumption Agreement
Exhibit H-1 – Transfer and Release Agreement
Exhibit H-2 – Commission Agreement
Exhibit H-3 – Escrow Agreement
Exhibit I – General Release
Exhibit M-1 – Franchise Disclosure Questionnaire
Exhibit M-2 – Confidentiality Agreement

EXHIBIT A

LIST OF ADMINISTRATORS

We intend to register this franchise 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, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division King Kalakaua Building 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2744	MICHIGAN Consumer Protection Division Franchise Section Attn: Ms. Katharyn Barron 670 G. Mennen Williams Building Lansing, Michigan 48913 (517) 373-7117
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
INDIANA Office of Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8285

NORTH DAKOTA
Franchise Division
Office of Securities Commission
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2946

RHODE ISLAND
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 South Euclid Ave., Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
Director, Securities and Retail Franchising Division
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
General Administration Building
150 Israel Road, S.W. – 3rd Floor
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN
Division of Securities
Department of Financial Institution
201 West Washington Avenue, Suite 500
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT B

DISCLOSURE DOCUMENT STATE ADDENDA

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF HAWAII

I. The Cover Page is amended to include the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

II. 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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF ILLINOIS

The Disclosure Document shall be amended as follows:

Illinois law shall apply to and govern 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.

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

   Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate or in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is promptly accounted for and submitted to you.

2. ITEM 17 of the Disclosure Document is amended to add the following:

   Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

   Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

   ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee and shall not be for a period longer than three (3) years.

   ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

   ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

ITEM 5 of the disclosure document is amended to add the following:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has requested a financial assurance. We have obtained a Franchisor Surety Bond issued by Hartford Fire and Insurance Company as part of our registration in the State of Maryland. The bond has been issued for the benefit of the State of Maryland.

ITEM 17 of the disclosure document is amended to add the following:

> Under the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
>
> For claims arising under the Maryland Franchise Registration and Disclosure Law, any litigation between Franchisor and Franchisee or Area Developer, as applicable, may be instituted in any court of competent jurisdiction, including a court in the State of Maryland.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> The provisions in the Franchise Agreement and Area Development Agreement which provide for termination upon bankruptcy of the franchisee or area developer, as applicable, may not be enforceable under federal bankruptcy law.

Exhibit M-1, Franchise Disclosure Questionnaire, of the disclosure document is amended to add the following:

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

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MICHIGAN

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable under Michigan's Franchise Investment Law if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in Michigan's Franchise Investment Law. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise before the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state (Michigan). This shall not preclude the franchisee from entering into an agreement,

at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the Franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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 of fraud 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. **THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

Office of the Attorney General
Consumer Protection Division
Attention: Franchise Department
525 W. Ottawa Street
670 G. Mennan Williams Building
Lansing, MI 48933
(517) 272-7117

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MINNESOTA:

ITEM 6 of the disclosure document is amended as follows:

Pursuant to Minnesota Statute 604.113, the maximum service charge that may be imposed is $30.

ITEM 13 of the disclosure document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12, Subd.1(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

ITEM 17 of the disclosure document is amended as follows:

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, (1) that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement and (2) that consent to the transfer of the Franchise will not be unreasonably withheld.

Item 17 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Further, Franchisee cannot consent to Franchisor obtaining injunctive relief; but, the Franchisor may seek injunctive relief.

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NEW YORK

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

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE 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 NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 THAT THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. 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 of fraud 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.

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

> Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any 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 concurrently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, action affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" section 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.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NORTH DAKOTA

The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) Covenants not to compete are generally considered unenforceable in the State North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law.

(b) A provision that designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota;

(c) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(d) A provision requiring that the laws of a state other than North Dakota will apply;

(e) A provision calling for the waiver by a Franchisee of the right to trial by jury;

(f) A provision requiring the Franchisee to waive exemplary and punitive damages;

(g) A provision requiring a Franchisee to sign a general release upon renewal of the Franchise Agreement;

(h) A provision restricting the time in which a Franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(i) A provision requiring a Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the Franchise Agreement or Area Development Agreement.

Such provisions, if applicable, are amended by the North Dakota amendments to the Franchise Agreement and Area Development Agreement attached to such agreements.

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the disclosure document is amended to add the following:

> Section 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."

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for POOL SCOUTS FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

ITEM 17.h of the disclosure document is amended to add the following:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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 of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
POOL SCOUTS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF WISCONSIN

ITEM 17 of the disclosure document is amended to add the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07, may affect the termination provision of the Franchise Agreement.

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 of fraud 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.

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

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 those states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677	MICHIGAN Corporations, Securities and Commercial Licensing Bureau Securities Division Constitution Hall, 1st Floor 525 West Allegan Street Lansing, Michigan 48933-1502
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division King Kalakaua Building 335 Merchant Street Honolulu, Hawaii 96813	MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
ILLINOIS Office of the Attorney General 500 South Second Street Springfield, Illinois 62706	NEW YORK Secretary of State of the State of New York 99 Washington Avenue Albany, New York 12231
INDIANA Indiana Secretary of State 201 State House 200 Washington Street Indianapolis, Indiana 46204	NORTH DAKOTA Securities Commissioner North Dakota Department of Securities State Capitol 600 East Boulevard Avenue, 5th Floor Bismarck, North Dakota 58505
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	RHODE ISLAND Department of Business Regulation 1511 Pontiac Avenue Cranston, Rhode Island 02920

SOUTH DAKOTA Director, Division of Insurance Securities Regulation 124 South Euclid, 2nd Floor Pierre, South Dakota 57501	WASHINGTON Director of Department of Financial Institutions Securities Division General Administration Building 150 Israel Road, S.W. - 3rd Floor Tumwater, Washington 98501
VIRGINIA Clerk of State Corporation Commission 1300 East Main Street Richmond, Virginia 23219	WISCONSIN Administrator, Division of Securities Department of Financial Institution 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703

EXHIBIT D

FRANCHISE AGREEMENT AND STATE AMENDMENTS

POOL SCOUTS

FRANCHISE AGREEMENT

TABLE OF CONTENTS

Section	Page
1. Grant of Franchise	1
2. Term and Renewal	1
3. Territory	2
4. Fees and Payments	4
5. Obligations of Franchisor	9
6. Obligations of Franchisee	12
7. Reports and Review	19
8. Termination	19
9. Post Termination Obligations	21
10. Covenant Not to Compete	22
11. Independent Contractor	24
12. Death or Incapacity	24
13. Assignability	25
14. Non-Waiver of Breach	29
15. Governing Law	29
16. Modification	30
17. Release of Prior Claims	30
18. Indemnification	30
19. Notices	30
20. Full Understanding	31
21. Guaranty	31
22. System Modifications and Discretion	31
Schedule A – Territory	35
Schedule B – Form of Ownership	36
Schedule C – Special Stipulations	38
Schedule D – State Addenda	39
Schedule E – Authorization for Prearranged Payments	55
Schedule F – Program Services Agreement	56
Schedule G – Consent to Audio Recording	62
Schedule H – Conversion Addendum	63

POOL SCOUTS FRANCHISE AGREEMENT

1. GRANT OF FRANCHISE

Pool Scouts Franchising, LLC, a Virginia Limited Liability Company ("Pool Scouts", "Franchisor", "we", "us", or "our") has developed a system ("System") for the operation of a seasonal business cleaning and servicing pools and spas. The Pool Scouts System utilizes special marketing techniques, quality control and operating procedures to facilitate the operation of a business, which offers cleaning and servicing pools and spas.

You have applied for a franchise that utilizes our system and our designated trademarks (the "Marks") (the "Franchised Business"). Subject to the terms of this franchise agreement (the "Agreement"), we grant you a Pool Scouts franchise. "You" is the franchisee entity (individual, partnership, corporation or limited liability company) which is granted the Franchise. You also includes each owner of an interest in the franchisee entity for purposes of Sections 5.j., 6.b., 6.n., 6.t., 6.u., 6.x., 6.y., 8.a., 8.b., 8.c., 9.a.-j., 10, 12, 13, 15, 16, 17, 18, 19, 20, and 21. This Agreement will allow you to operate a business, which offers cleaning and services pools and spas using our system and our Marks within a geographic area of responsibility (the "Territory"), described in Schedule A. You agree to abide by the terms of this Agreement.

You recognize and agree that the nature of the cleaning and servicing pools and spas business is such that complete uniformity is not always practical or desirable and that we, in our sole discretion, may vary the terms of this Agreement and the standards of operation of the Franchised Business to accommodate the peculiarities of a particular situation and/or Territory. You have no recourse against us if other franchisees are granted allowances, which you are not granted.

2. TERM AND RENEWAL

a. Term. This Agreement will be effective for an initial ten (10)-year term beginning on the Effective Date specified in this Agreement, unless terminated sooner pursuant to the terms of this Agreement.

b. Renewal. You may, subject to the following conditions, renew this Agreement for 2 additional consecutive terms of 5 years. We may require satisfaction of any or all of the following conditions prior to such renewal:

(i) You must give us written notice of your election to renew not less than 6 months nor more than 9 months prior to the end of the then-current term;

(ii) You must make or provide for, in a manner satisfactory to us, renovation and modernization of the Franchised Business, as we may reasonably require, which may include acquisition and use of new vehicles and equipment and renovation or replacement of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

(iii) You must not be in default of any provision of this Agreement, any amendment of or successor to this Agreement, or any other agreement between you and us or our affiliates; and you must have substantially and consistently complied with all the terms and conditions of this Agreement and such agreements during their terms;

(iv) You must have satisfied all monetary obligations that you owed to us, our affiliates and your suppliers, and must have timely met those obligations throughout the term of this Agreement;

(v) You must, at our option, execute our then-current form of franchise agreement which will supersede this Agreement in all respects. Because the business and legal environment may evolve over time, you recognize the importance of our ability to adapt the System and the franchise agreement to the circumstances that exist at the time of renewal. Consequently, the terms of the then-current form of franchise agreement may differ in material respects from the terms of this Agreement; but, you will not be required to pay another Initial Franchise Fee and the then-current form of franchise agreement may not fundamentally alter the relationship between us and you;

(vi) You must execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and our affiliates' respective officers, directors, securities holders, agents, and employees;

(vii) You must comply with our then-current qualification and training requirements, at your expense; and

(viii) You must pay a renewal fee of $5,000.

c. Expiration. In the event that you fail to give notice of renewal in the manner described in Section 2.b.(i) or otherwise fail to comply with the conditions contained in Section 2.b., this Agreement will automatically expire without further notice at the end of the current term.

3. TERRITORY

Your geographic area of responsibility is a Territory as described in Schedule A of this Agreement. Any change will require our prior written consent. You receive an exclusive Territory from Pool Scouts, in that, subject to your compliance with, and for the term of, this Agreement, we will neither grant another Pool Scouts franchise to be located within your Territory, nor locate any business providing cleaning and pools and spas we (or our affiliates) own within your Territory. You will receive a geographic area of responsibility within which you are responsible for actively marketing and providing certain pool and spa cleaning and maintenance services to customers located within that geographic area. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are added to our System in the future. You will solicit customers that are located only in the Territory using marketing materials we have prescribed or approved. You may not use any solicitations (i.e. telemarketing, direct mail, internet

marketing, print medium, broadcast medium or distribution of brochures/leaflets) outside your Territory. We will not authorize any other franchisee to solicit customers in your Territory, except by referral. We alone will direct marketing and advertising campaigns directed to multiple Territories.

To ensure quality customer service, all customer calls must be answered by a live person. We require you to use the services of our National Call Center. Customer service requests handled by our National Call Center normally result in the customer being assigned to the franchisee in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

We reserve the right to solicit and sell products and services to national/regional accounts. If you or your Designated Manager die or are incapacitated as described in Section 13, we may authorize other franchisees to solicit business and service customers in your Territory until your Franchised Business has been assigned to an approved transferee or until we have approved a new Designated Manager for your Franchised Business.

We reserve all rights to the Internet utilizing our Marks.

We may sell any territory other than your Territory to other franchisees or we may locate company and/or affiliate owned businesses in the same line of business in any territories other than your Territory. We may establish in your Territory other franchises whose principal product or service is not identical to those offered by the Franchised Business and which uses Marks other than those granted hereunder. Although Pool Scouts and/or its affiliates have no current plans to do so, we may in the future establish another channel of distribution, other than a mobile business, which provides goods and/or services similar to those provided by Pool Scouts franchisees.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of Pool Scouts Franchised Businesses at any location outside your Territory, regardless of proximity to your Territory; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of your Territory that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of your Territory other than for the operation of a Pool Scouts Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which Franchised Businesses are the same as,

similar to, or different from the Franchised Businesses, all on terms and conditions as we deem advisable, and without granting any rights therein..

4. FEES AND PAYMENTS

a. Initial Franchise Fee. You must pay us an initial franchise fee in the amount of _____dollars ($_____), which is payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The initial franchise fee is refundable only if you do not pass our Initial Training Program ("**Initial Training**") in accordance with our current passing standards for Initial Training, provided that you return to us all materials which we distributed to you during Initial Training.

b. Mailer Program Fees. We or our affiliate, Pool Scouts Services, LLC ("Pool Scouts Services"), or another affiliate of ours are the only approved supplier of the direct mail program ("Mailer Program") in which you must participate. You must purchase all Mailer Program services from us or our affiliate. You will be required to sign an annual agreement with us or our designated affiliate with respect to the Mailer Program (the "Mailer Program Agreement").

You must also pay us or our affiliate a fee to setup the Mailer Program (the "Setup Fee"). Currently, the Setup Fee is $1,000.

You must also pay us or our affiliate a fee to obtain the mailing list each year (the "Mailing List Fee"). Currently, the Mailing List Fee is $0.05 per Targeted Household on the mailing list. The mailing list is purchased on an annual basis by us or our affiliate and is our, or our affiliate's, property. Neither we nor our affiliate is required to provide you with names and addresses or other information contained on the mailing list.

Through the Mailer Program, you are required to send 42,000 mailers to the Targeted Households located in the Territory for your Franchised Business each year during the season ("Season"). The length of the Mailer Program is specified in the Operations Manual. You must pay a per postcard fee for each Targeted Household (the "Postcard Fee"). Currently, the Postcard Fee is $0.43 per postcard.

The Setup Fee, the Mailing List Fee and the Postcard Fee and are collectively referred to as the "Mailer Program Fees". The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first full Season, one hundred percent (100%) of the total estimated direct mail program cost must be paid thirty (30) days prior to the scheduled opening date ("Scheduled Opening Date") as stated in Schedule A of the Franchise Agreement. The payment schedule for each Season thereafter will require a payment each week in advance of the mailing. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program.

We believe the Mailer Program Fees for the Mailer Program are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provided comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing

for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include a mark-up which exceeds the direct costs of the Mailer Program, and we or our affiliate may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

If you fail to pay any Mailer Program Fees when due, we may, in addition to other remedies that we may have, suspend all Mailer Program services we are required to provide you under this Agreement or the Program Services Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

c. Approval/Fee Refund. We have ten (10) days from the date you complete our Operations Training to approve or deny your request to become a franchise owner based upon our criteria and standards in effect at the time. Should we deny your request, upon your returning to us all materials you received in training, we will refund any fees you paid to us.

d. Royalty and Service Fee. You must pay us a monthly royalty and service fee ("**Royalty and Service Fee**") of eight percent (8%) of all Net Revenue. "**Net Revenue**" consists of all revenue from all services offered (including but not limited to repairs, maintenance, labor, materials, fees, referral fees, bartered services, service agreement services paid by us, commissions), less first-time customer discounts and returns. The Royalty and Service Fee is payable monthly for the previous month and is invoiced at the end of each month based on the Net Revenue generated by you during that month from customers for your Franchised Business. Payment is processed and drafted from your Franchised Business bank account two days after invoice and may also be deducted from amounts due you for revenues disbursed to you from receivables collections and payments due you for services performed under service agreements we process. You authorize us to draft your bank account in accordance with the Authorization Agreement for Prearranged Payments (Direct Debits) attached as Schedule H to this Agreement. We reserve the right to modify this payment schedule in the Operations Manual.

If you have an existing business operating for a minimum of 2 years that provides services similar to those offered by the Franchised Business, and you convert that business to a Franchised Business, then we agree to waive the Royalty and Service Fee otherwise payable by you for customers of that business that existed immediately prior to your execution of this

Agreement (the "Existing Customers") for the first 2 years commencing on the date you open the Franchised Business. You must sign a Conversion Addendum attached hereto as Exhibit 3. The waiver is subject to your compliance with the terms of the Agreement, including all addendums and other documents incorporated by reference. We may terminate the waiver in the event you default under the terms of this Agreement.

e. Marketing Fee. You must pay us a monthly marketing fee of two percent (2%) of all Net Revenue. Marketing fees are payable each month with the Royalty and Service Fee for brand development, Internet marketing and production of advertising and marketing materials.

We raise fees related to system marketing through the Marketing Fees collected from our franchisees. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, Internet and social media, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We produce advertising in-house and through advertising agencies. Advertising and marketing may include advertising to sell franchises. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees.

f. Digital Advertising Program. We or our affiliate, Pool Scouts Services, or our designated supplier, are the only approved supplier of the digital advertising program ("Digital Advertising Program") in which you must participate. Through the Digital Advertising Program, you are required to pay to us or Pool Scouts Services each year the sum of $3,600 (the "Search Engine Optimization Fee") for search engine optimization services ("SEO"). For the first Season that the Franchised Business is open, 100% of the Search Engine Optimization Fees for SEO must be paid at the time your website goes live. The payment schedule for the Search Engine Optimization Fee for SEO in subsequent years will require you to pay $300 per month, payable in advance 1 month prior to the month of service. SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the Search Engine Optimization Fee for SEO will be $3,600 regardless of the number of territories open.

You may only have 1 website. In addition to the required purchase of SEO, our Digital Advertising Program also requires that you pay to us, Pool Scouts Services, or our designated supplier each year the at least $12,000 (the "Digital Marketing Fee" and collectively, with the Search Engine Optimization Fee, the "Digital Advertising Program Fees") for online placement services such as pay-per-click advertising, Facebook advertising administration, remarketing, and other digital advertising services.

The Search Engine Optimization Fee may include a mark-up which exceeds the direct costs of SEO, and we or our affiliate may derive a profit from the Search Engine Optimization Fee.

If you fail to pay any Digital Advertising Fees when due, we may, in addition to other remedies that we may have, suspend all Digital Advertising Program services we are required to provide you under this Agreement or the Program Services Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

g. Complaint Fee & Customer Refunds. You must pay us a complaint fee of fifty dollars ($50) per customer complaint, which applies only if, if in our sole discretion, we respond to a customer complaint about your service. Complaint fees are subject to change on 30 days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of the revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds weekly.

h. National/Regional Accounts. If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. You have the right to refuse to service any national/regional customer under a service agreement. However, in the event that you refuse to service a national/regional customer under the terms of that service agreement, we may provide service to such national/regional customer through another franchisee and/or through an affiliate, without any compensation to you.

i. Integrated Business Management System & Credit Card Processing. To maintain the integrity of the System, and provide our Franchised Businesses with an integrated business management solution, we have contracted with designated providers for: customer service management software; website hosting services; telecom services; email and credit card

processing services. You must pay a fee of $395 per month beginning with the second full calendar month after you sign this Agreement. In addition, if you need more than two (2) VOIP seats, you must pay an additional $30 per month per seat. Provider costs may include access and usage charges and are subject to change and you must pay the providers directly or pay us in advance each month, if we and/or our affiliates are billed directly by the provider.

j. Late Payment Fees. Failure to submit a payment when due will result in a one hundred dollar ($100) Fee which will be added to the actual Royalty and Service Fee due for the week. These fees are paid weekly.

k. Interest on Overdue Payments. You must pay interest of the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on any amounts you owe us that are more than fifteen (15) days past due.

l. Audit. We or our designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit your books, records and federal and state tax returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of the Franchised Business. If an inspection or audit discloses an understatement of Net Revenue, you shall pay us, within 10 days after receipt of the inspection or audit report, the deficiency in the Royalty and Service Fees and Marketing Fees plus interest (as provided in Section 4.m) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Net Revenue for the period of any audit is determined by any audit or inspection to be greater than 3%, you also shall reimburse us for the reasonable cost of the audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room and board and compensation of our employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to our other remedies and rights under this Agreement or applicable law. If you fail to provide us on a timely basis with the records, reports and other information required by this Agreement or, upon our request, with copies of same, we or our designee shall have access at all reasonable times (and as often as necessary) to your books and records (electronically or in hard copy) for the purpose, among other things, of preparing the required records, reports and other information. You promptly shall reimburse us or our designee for all costs and expenses associated with our obtaining such records, reports or other information.

m. Transfer Fee. In the event that you transfer this franchise, you must pay us a fee equal to fifty percent (50%) of the then current initial franchise fee. No fee is imposed for transfer to other Pool Scouts franchise owners, a franchisee's family members (defined as the spouse, parent (including step-parent), sibling (including half-sibling) or child (including step-child), whether natural or adopted, or franchisee's employees. The transfer fee is due upon approval of transfer by us.

n. Training Fees. Costs and expenses incurred by your trainees in connection with any training programs and seminars are your responsibility. In addition there is a fee of seven hundred and fifty dollars ($750) per day per trainee, plus any cost of travel, for additional

training requested by you outside of our regularly scheduled training and seminar programs. There will be no course charge for our regularly scheduled training and seminars. The training fees are subject to change on thirty (30) days' notice to reflect changes in cost and must be paid as incurred.

o. Sales Commission. You may engage us to sell your existing Franchised Business for a fee ("Sales Commission") agreed upon in a Commission Agreement that typically will not less than ten percent (10%) of the sales price. The Sales Commission will be due upon the execution of the Purchase and Sale Agreement by both the buyer and seller.

p. Taxes. You must pay to us all sales, excise, trademark, franchise, value added or similar taxes imposed on us (or our affiliates) on account of our (or such affiliate's) collection of any of the fees or payments called for by this Agreement or otherwise arising out of your operation of the Franchised Business. But, this Section does not apply to any income tax or any optional altern to an income tax.

5. OBLIGATIONS OF FRANCHISOR

a. Training. We provide a five (5) to nine (9) day Operations Training program, which is required of new franchisees and employees who will be providing services. We do not charge for the Operations Training at the startup of your Franchised Business, but you are responsible for all expenses you and your employees incur as a result of training, such as travel, lodging and entertainment. However, any additional training that you or your employees may require will be billed at seven hundred and fifty dollars ($750) per day.

b. Operations Manual and Sales Manual. We will loan you a copy of our proprietary Operations Manual and a copy of our proprietary Sales Manual in digital or hard copy format to offer guidance in the operation of your Franchised Business.

c. Vehicle And Site Approval. The only vehicles we currently have approved for providing customer service are a Ford Transit and Ford Transit Connect. We provide guidance on, and specifications for, the setup of the approved vehicle. We also provide guidance and advice regarding the selection of any commercial location utilized in your Franchised Business. You are responsible for choosing your commercial location, if any, that will meet our current specification in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. The factors we consider in approving your commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove commercial location selections within fifteen (15) days of submission to us. If we do not approve your vehicle or commercial location, you cannot open for business.

d. Sources. We will provide the names of suppliers and specifications for sources of decals, advertising materials, tools, products, supplies, equipment, signs, materials and general customer product needs. We may negotiate terms and maintain relationships with suppliers for the benefit of the franchise system and the customers it serves, thus you may be restricted to purchase from either us, an affiliate, and/or a designated source: web-based management

software services; web-site hosting services; telecommunications equipment and services; credit card processing services; national call center services; product application equipment; products; supplies; decals/signs; service forms; brochures; and marketing materials. We may derive revenue from your purchase of goods and/or services from supplies. In addition, if we (or our affiliates) are the designated supplier, we may include a mark-up which exceeds our (or their) direct costs. As of the date of this Agreement, we and/or our affiliates, or a designated supplier, are the only approved suppliers for the Mailer Program and the Digital Advertising Program.

e. Marketing. We raise fees related to marketing through Marketing Fees collected from our franchisees. We designate these fees for use in advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend advertising fees on local, regional or national advertising as we deem appropriate in our sole discretion. We may produce advertising in-house or through advertising agencies. We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with advertising and marketing fees. We do not guarantee that you will benefit directly from any marketing or advertising. We will make available to you planning assistance for marketing your Franchised Business including advertising plans and formats for advertising, marketing and promotional materials. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. All advertising must carry only our toll-free phone number and our headquarters address. However, we may approve the use of a local address and/or a local phone number, which can be rolled over to the National Call Center.

f. Accounts; Billing. You agree that all data and information that you collect from customers or others in connection with the Franchised Business is owned by us. You have the right to use such customer data and information to operate the Franchised Business while this Agreement is in effect, but only in accordance with our policies as in effect from time to time. You agree that we own all accounts, which you service, including all customer records, files and information. We and/or our designee have the right to bill and collect revenue from customers you serve, and upon payment by the customer, remit the payments to you weekly, less Royalty and Service Fees and advertising fees owed by you. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us. You further agree that we own all email accounts we or our affiliates provide to you for use in connection with your Franchised Business. We have the right to access your email accounts and all messages and contents thereof at any time during or after the term of this Agreement.

g. Service Agreements. We and/or our designee may solicit service agreement customers, whether within or outside the Territory, and may collect all revenue from service agreements

sold by us or you. We alone have the right to set the terms and conditions for all service agreements, designate another to invoice the service agreement customers. We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. However, you currently are responsible for all billing and collections of monies due on accounts you service. Our service agreement terms, billing procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we will remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill.

h. Technical Support. We will provide telephone and/or internet support for your questions regarding products and services that we have approved, during normal business hours.

i. Operational Support & Inspections. We will advise you in the budgeting for and operation of your franchise and at no cost to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered to our customers.

j. Advanced Training. We may provide and require your attendance at one (1) to two (2) day advanced training. These meetings could be held at various sites across the country which we select. The agenda for advanced training varies but often focuses on improving business management skills and new products or services in order to increase profitability. We do not charge for advanced training, but you will be responsible for all expenses that you incur as a result of attending training such as travel, lodging and entertainment.

k. Regional Meetings/Annual Conventions. We may hold and require your attendance at regional meetings and/or annual conventions. Each annual convention may be one (1) to two (2) days. The regional meetings may be held at various sites across the country which we select. We charge a nominal fee for the annual convention. We do not charge for the regional meetings, but you will be responsible for all expenses that you incur as a result of attending the regional meetings and annual conventions, such as travel, lodging and entertainment.

l. Group Discounts. From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary.

m. Vendor Relations Administration. For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract and administer vendor relationships for sources for our Integrated Business Management System and Credit Card Processing Services and you must pay sources directly or reimburse us and/or our affiliates for actual costs and expenses, including a pro-rata share of costs and expenses incurred by us and/or our affiliates on behalf of your Franchised Business.

n. Trademark Indemnity. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

6. OBLIGATIONS OF FRANCHISEE

a. Required Marketing. For each Franchised Business, you are required to purchase and participate in the centrally managed Mailer and Digital Advertising Programs each year. You must also spend a minimum of $5,000 on local marketing activities ("Local Advertising Expenditure"). Upon reaching or exceeding $1,000,000 in Net Revenue in a given calendar year, you must spend annually an amount (the "**Required Advertising Expenditure**") on marketing in the succeeding year, as described in the chart below. The **Required Advertising Expenditure** includes the required Pool Scouts centrally managed programs (the Mailer Program and the Digital Advertising Program) as well as your own local marketing efforts.

Prior Year Net Revenue (PYNR)	Required Advertising Expenditure ($)
$1,000,000 to $1,249,999	PYNR x 5%
$1,250,000 to $1,499,999	PYNR x 4%
$1,500,000 and above	$50,000

b. Local Marketing. In addition to required centrally-managed Mailer and Digital Advertising Programs, you may choose to use additional direct mail, companion mail, door hangers, and other local marketing methods that we have approved. You must spend a minimum of $5,000 on Local Advertising Expenditure annually. Your media and methods must be approved by us prior to placement and you must report your expenditures in a format specified by us, in the Operations Manual. The cost of local marketing is typically paid to third parties, however, if any costs are being billed directly to us and/or our affiliates on behalf of your Franchised Business they must be paid in advance. You must use trade names, service marks and trademarks ("**Marks**") as we develop them. At this time, our primary Mark is POOL SCOUTS®. You must obtain our written consent before using our Marks in any way except for materials provided by us or previously approved (and not subsequently disapproved) by us in writing. For example, you must obtain our approval prior to using our Marks in advertising and marketing. You may not use any marks which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new marks, at your expense, in the time frame we provide at the time of such change. You must honor Pool Scouts rate structures, discount program and bear the cost of any discount granted to customers pursuant to any discount program promoted by

Pool Scouts. We must approve all advertising and marketing materials before you use such materials. You may purchase such materials from any vendor, however, we may in the future require you to purchase such materials only from a designated source.

c. Training/Advanced Training. You, if you are an individual, and your Designated Manager, if any, must attend and successfully complete our Operations Training before you may operate the Franchised Business. We may provide and require your attendance at one (1) to two (2) day advanced training. We do not charge for advanced training, but you will be responsible for all expenses that you incur as a result of attending Operations Training and advanced training, such as travel, lodging and entertainment.

d. Use of Pool Scouts Marks. You agree to use our Marks as we develop them. You agree to obtain our prior written consent before using our Marks in any way except for materials we provide or have previously approved in writing (and not subsequently disapproved). For example, you must obtain our approval prior to using our Marks in advertising or marketing, including any website. You may not maintain a website or any Internet advertising in connection with the Franchised Business or our Marks without our prior written approval. You agree not to use any marks which could be confused with our Marks. You may not use our Marks in connection with any other business directly or indirectly owned or operated by you. We may replace, modify or add to our Marks. In the event that we replace, modify or add additional Marks, you agree to update or replace your signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update. You may not use our Marks in the name of any legal entity you create to own and/or operate the Franchised Business. You must notify us if you learn of anyone who is using or claims the right to use our Marks. If we take action against any unauthorized user of our Marks, we may require you to assist us, at your expense, in our efforts to enforce our rights in the Marks. We must approve all printed materials, and you are required to purchase from us or our designated third-party and utilize our service agreement contract, brochures and invoice forms in your Franchised Business. You may choose not to use our designated providers if you can find a qualified third party, approved by us, to provide the same products and services.

e. Signs/Decals. You must display a decal on your service and/or sales vehicle(s) as approved by us. We must approve all your signs and vehicle decals before you order or display them.

f. Starting Date. You agree to begin operations and be open for business no later than three hundred and sixty five (365) days following the Effective Date of this Agreement.

g. Operating Hours. You agree to solicit and service your customers during such times as we specify in the Operations Manual. Notice of non-availability must be given in writing forty-eight (48) hours prior via facsimile or as otherwise prescribed in the Operations Manual.

h. Integrated Business Management System & Credit Card Processing. Our designated third-party sources are the only supplier of customer service management software; website hosting; telecommunications equipment and services; email marketing; credit card processing; and related services. You must maintain this system and pay the associated cost to the providers directly or pay us in advance each month, if we and/or our affiliates are billed directly by the provider.

i. Navigation System. You may obtain and maintain a navigation system for each service vehicle.

j. Equipment. You must obtain and use computer systems and service equipment which meet our then current specifications in the Operations Manual. We may update the specifications. When the specifications are updated, you must either obtain or upgrade the computer systems and service equipment such that your equipment meets our then current specifications.

k. Liability Insurance. You must obtain and maintain required insurance specified in the Operations Manual (i.e. workers compensation, comprehensive general liability insurance policies, vehicle liability insurance, umbrella liability) for the Franchised Business, and you must pay the associated cost. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within thirty (30) days.

l. Operations Manual and Sales Manual. We will loan you a paper or electronic copy of the Operations Manual and the Sales Manual. The Operations Manual and the Sales Manual are detailed extensions of this Franchise Agreement which cover standards to be maintained, operating procedures and other information. We may change the Operations Manual and the Sales Manual from time to time in order to adjust for competitive changes, technological changes, legal requirements and attempts to improve in the marketplace. You agree to be bound by the Operations Manual, the Sales Manual and all future modifications of to either of them. You must operate the Franchised Business according to the then current Operations Manual and Sales Manual in effect, including any modifications, amendments or supplements made to the Operations Manual and Sales Manual after the date of this Agreement.

m. Participation. During the service season and for reasonable periods before and after the season, as defined in the Operations Manual, you agree that franchise services will be provided under your direct supervision and control and/or under the direct supervision and control of a full time Designated Manager who has been approved by, and not later disapproved by, us. We will not approve a Designated Manager prior to their successful completion of the Operations Training. You are required to use your best efforts to successfully operate and grow your Franchised Business. In this context, your best efforts means that you cannot have a material ownership or operational interest in any other business as a franchisee, licensee, dealer or distributor or as a franchisor or licensor or via another similar arrangement, without our prior written consent. The attention that you would be required to devote to such an effort would unavoidably distract you from devoting your best efforts to the operation and growth of your Franchised Business. In addition, operating as a franchisor or licensor would place you in direct competition with us for existing and potential franchisees who might acquire new or additional franchises from us.

n. Quality Standards. You must perform all pool and spa cleaning and maintenance services and other work provided by your franchise carefully, timely, accurately and in accordance with prevailing industry standards, our Operations Manual and our Sales Manual. As may be

explained further or modified in the Operations Manual or the Sales Manual, you specifically agree to uphold the quality standards as specified in the Operations Manual and the Sales Manual.

o. Billing. You agree that we own all accounts which you service no matter how procured. As the owner of all accounts and account information, we do not allow you to use any of the information that you may obtain from customers to market or sell any services to the customers other than services we specifically authorize you to market and sell pursuant to this Agreement. We and/or our designee have the right to bill and collect revenue from customers you serve, upon payment by the customer, remit the payments to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us.

p. Employees. You must hire sufficiently licensed, if required, staff to properly carry out the Franchised Business and require your employees to have all certifications, and undergo all screenings, all as specified in the Operations Manual. You are solely responsible for hiring, firing, compensating, paying applicable payroll taxes, scheduling and day-to-day supervision and control over your employees. You agree to take such steps as are necessary to ensure that all employees of the Franchised Business keep a neat and clean personal appearance, preserve good customer relations, and meet other System standards as Franchisor shall establish in the Operations Manual, the Sales Manual or otherwise in writing. None of your employees will be considered to be our employees. We will not have the power to hire, fire, control or supervise your employees. Any recommendations we make, in training, in our Operations Manual, Sales Manual, or otherwise, regarding how you deal with your employees are only recommendations, that you may choose whether or not to implement. You must communicate clearly with your employees in your employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and that we are not their employer or a joint employer. You agree that our authority under this Agreement does not directly or indirectly vest in us the power to hire, fire, control or supervise any of your employees. We neither dictate nor control labor or employment matters for you or your employees.

q. Vehicle And Location. You must obtain for service technicians employed in the Franchised Business sufficient vehicle(s) which meet our standards and you must maintain it in a high degree of repair and in good condition so as to present a neat and professional image. Service vehicle(s) that no longer meet the standards set forth in our Operations Manual (relating to age and condition) must be replaced by the then current service vehicle, as specified in the Operations Manual. You or any employee interacting with customers must only use vehicles which we have approved. Any commercial location utilized in the Franchised Business must be approved by us prior to lease or purchase and we may require the landlord to provide us with a lease option rider.

r. Supplies, Decals, Equipment and Products. You agree that in order to establish a standard and consistent delivery of pool and spa cleaning and maintenance services, certain

items must be used in the operation of the franchise. You must use the items set forth as required and/or approved for use in the Franchised Business in the Operations Manual (e.g., customer invoices, contracts, supplies, products, chemical, service equipment, telecommunications equipment, decals and computer systems). Pursuant to Section 5.d of this Agreement, we have the right to require you to use only certain suppliers that we designate. If we designate any particular supplier(s) and/or product(s)/chemical(s), you must purchase from such designated supplier(s) and use such designated product(s)/chemical(s). You are strictly prohibited from using alternative suppliers and alternative product(s)/chemical(s), unless you request, in writing, from us the right to purchase from such alternative supplier(s) or use such alternative product(s)/chemical(s), provide us with all such information we request, and we grant you the right, in writing, to purchase from such alternative supplier or to use such alternative product(s)/chemical(s). We are not obligated to grant any such request and we may withhold our approval for any reason. You are responsible for the cost of all promotional materials, supplies, furniture, equipment, products, telecommunications equipment, decals, computer equipment and other items which may be necessary to conduct the Franchised Business.

s. Laws and Regulations. You agree to comply with all federal, state and local laws and regulations. You will secure all necessary permits, certificates, licenses and consents to operate your Franchised Business. You must comply with the licensing laws and regulations for other contractors and tradesmen in the pool and spa services business. You also must comply with all local, state, and federal laws that apply to service establishments, including taxes (including sales and use taxes), employment, discrimination and health and safety laws. These include, but are not limited to minimum wage laws, Environmental Protection Agency laws, state and local laws, and obtain any required licenses. In addition, you must comply with all the laws dealing with chemical handling that apply to all pool and spa service businesses and require any technician handling chemicals to have an individual license.

t. Importance of System Standards. You understand and acknowledge that every detail of the System and this Agreement is important to you, us, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products offered by all franchisees, and to protect our reputation and goodwill. You shall maintain our high standards with respect to customer service and operations. You understand, acknowledge and agree that we may, in our sole discretion, require you to purchase additional products, chemicals, services, equipment and other materials as we deem necessary.

u. Additional Lines of Service. You understand and acknowledge that in connection with the Franchised Business granted by this Agreement we may, in our sole discretion, require you to pay the associated costs of and require you to add additional lines of service during the term of this agreement to maintain the integrity of the System. Upon written notice, you will be required to add such lines of service within ninety (90) days.

v. Website. We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to

the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s). We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as Facebook, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement, 6.b.)

w. No Solicitation of Other Franchisees. You agree that you will not solicit any of our franchisees to become franchisees or licensees of any other business that competes with the businesses we (including our affiliates) franchise, or that is complementary to the businesses we (or our affiliates) franchise (such as businesses designed to complement the businesses we franchise in the off-season, e.g., outdoor residential services such as law care, landscaping, pool maintenance and repair, snow removal, Christmas tree lights, window cleaning / home pressure washing, tree removal / pruning and indoor residential services such as maid service, home health care, home pet care, pest control), without our prior written consent.

x. No Use of our Vendors in Potentially Complementary Services Businesses. To avoid creating a conflict of business interests between us, you and our key vendors, including, but not limited to, the providers of our chemicals and other pool maintenance and cleaning products, business management software, customer relationship management software, franchise management system software, website design and maintenance, and VOIP-based phone system with zip code routing, and to protect the highly confidential information regarding our System which our vendors have, or have developed for us, including, but not limited to the pricing our vendors offer to us, and the customized software, contracts and reports, you agree that, during the term of this Agreement, you will not, without our prior written permission, solicit or contract with any of our vendors to provide goods or services similar to those they provide to us, to any Potentially Complementary Services Businesses that you may own or operate, directly or indirectly.

y. Regional Meetings/Annual Conventions. We may hold and require your attendance at regional meetings and/or annual conventions. Each annual convention may be one (1) to two (2) days. The regional meetings and annual conventions may be held at various sites across the country which we select. We may charge, and you are responsible for paying, any nominal fee to attend. In addition, you will be responsible for all expenses that you attendees incur as a result of attending the regional meetings and the annual conventions, such as travel, lodging and entertainment. If we hold an annual convention and you do not attend, you must pay us $1,500. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. If you fail to attend any subsequent annual convention, we may

terminate your Franchise Agreement. If you own more than one franchise, your attendance on behalf of one franchise constitutes your attendance on behalf of all of your franchises.

z. Customer Surveys/ Mystery Shopper Service. You shall participate in all customer surveys and satisfaction audits we request. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers. We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to your Franchised Business. You agree your Franchised Business will participate in such mystery shopper program, as prescribed and required by us, and you further agree to pay all fees related to such mystery shopper program.

aa. Data Privacy. You will at all times during the Term of this Agreement (i) maintain appropriate administrative, physical, digital and technical safeguards for the protection of the privacy, security, confidentiality of all data, including but not limited to customer data and information; (ii) secure all data, including but not limited to customer data and information, against loss, theft, unintended access, disclosure, copying and other dissemination or distribution; (iii) comply with, and ensure that all of your employees and agents comply with, all applicable laws regarding data privacy and security; (iv) comply with, at your sole cost and expense, all required and voluntary data breach notifications; (v) comply with all data privacy and security measures that we implement and incorporate through the Operations Manual or any other standard communication methods (e.g., email, online learning management system or online document library), which may include, but are not limited to, minimum security requirements for suppliers and vendors, developing, implementing and maintaining appropriate data privacy and security policies and an incident response plan, and permitting any privacy or security audit or inspection as requested by us; (vi) notify us immediately in writing in the event of any suspected, alleged or actual breach of privacy or security that may involve or impact any customer data or information; and (vii) cooperate with us in the event any suspected, alleged or actual data privacy or security incident or breach, which cooperation includes, but is not limited to, providing us with access to your computers, systems and networks and access to and copies of files, records, accounts, logs, reports, investigation information and reports, your policies and procedures, and such other information, materials, documents and agreements as we deem necessary. For purposes of this Section 6.bb, "customer data and information" includes, but is not limited to first and last name, address, telephone number, email address, account number, credit card information, Social Security number, driver's license number and such other information which could reasonably identify such customer.

bb. Sales/Use Taxes. You are responsible for complying with any and all applicable sales and use tax laws, rules or ordinances, including the collection, remission and reporting thereof.

7. REPORTS AND REVIEW

a. Reporting Net Revenue. You must report all net revenue from customers and local marketing expenses paid by you related to the Franchised Business in the manner, form and times we specify in the Operations Manual.

b. Financial Reporting. By the 20th of each month, you must send us a profit and loss statement for the previous month's financial performance. By January 31st of each year, you must send us an unaudited profit and loss statement, in the manner and form we specify, for the twelve (12)-month period ending December 31st of the prior year. Annually, by April 15th, you must provide us with a copy of your federal tax returns for the Franchised Business, or if an extension is filed you must provide us a copy of the extension and the tax return by the due date.

c. Review. We have the right to review, inspect and copy, during normal business hours, all of your financial records related to the Franchised Business.

d. Mail Reviews. If we request a copy of your customer invoices or other revenue related documents (paper and/or electronic) or any other business records related to the Franchised Business, you must send us at your expense these records within five (5) days of receiving our request.

e. Electronic Review. We may cause programs to run on your computer systems that may send information related to the Franchised Business to us. You agree that the use of such programs will not unreasonably interfere with your operation of the Franchised Business, and you agree to allow such programs to run without interference by you.

8. TERMINATION

a. You may terminate this Agreement only through non-renewal as set forth in Section 2.b. of this Agreement. If you terminate this Agreement, you must comply with all of the post termination provisions of this Agreement.

b. We may terminate this Agreement without notice and the opportunity to cure for any of the following:

(i) If you or the Franchised Business become insolvent or take any steps to seek protection from creditors, or if a receiver (permanent or temporary) is appointed by a creditor or a court of competent authority or if you make a general assignment for the benefit of creditors;

(ii) If a final judgment of record against you or your Franchised Business remains unsatisfied for thirty (30) days or longer;

(iii) If you, or any of your owners, principals, affiliates or entities under common control with or by you, enter a plea of guilty or *nolo contendere* to a felony or crime involving moral turpitude, which we reasonably believe is likely to have an adverse effect on the Franchised Business, the System, the Marks and/or the goodwill associated therewith or our interest therein;

(iv) If you, or any of your owners, principals, affiliates or entities under common control with or by you, are charged with, alleged to have committed, or commit any material violation of any law, ordinance, rule or regulation of a governmental agency or department,

which we reasonably believe is likely to have an adverse effect on the Franchised Business, the System, the Marks and/or the goodwill associated therewith or our interest therein;

(v) If you discontinue the active operation of the Franchised Business in the Territory for five (5) business days other than during the non-service seasons specified in the Operations Manual;

(vi) If you fail to open the Franchised Business within one hundred eighty (180) days of the Scheduled Opening Date in Schedule A of this Agreement and pay the Mailer Program Fees due within thirty (30) days of the Scheduled Opening Date in Schedule A of this Agreement or fail to add an additional line of service with ninety (90) days from the notice date;

(vii) If you market to customers outside the Territory;

(viii) If you fail to use in the Territory the systems we provide or recommend;

(ix) If each of you or your Designated Manager fails to attend required Advanced Training, or Regional/National meetings;

(x) If you fail to report revenue as outlined in the Operations Manual;

(xi) If you commit three (3) or more breaches of this Agreement, the Operations Manual, the Sales Manual or any other agreement related to the Franchised Business in any twelve (12)-month period regardless of whether such breaches were cured after notice;

(xii) If you (or any of your affiliated entities under common control with you) commit any material breach of any Franchise Agreement or any financing or other agreements related to your Franchise Agreement (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement);

(xiii) If you fail to maintain the required insurance;

(xiv) You fail to attend two (2) annual conventions;

(xv) You offer any products, chemicals or services not approved by us; or

(xvi) You (or any of your affiliated entities) commit any material breach of any franchise agreement or any other agreements related to such franchise agreement (excluding any failure to timely open a franchise under an area development agreement) with any of our affiliates, or any of such franchise agreements are terminated by any of our affiliates.

c. We may terminate this Agreement, after sending you notice, and an opportunity to cure within seven (7) days, if:

(i) you violate any term or condition of this Agreement, the Operations Manual, the Sales Manual, or any other agreement related to the Territory or Franchised Business (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement);

(ii) any amount you owe us, our affiliates, or third-parties for leases, loans or purchases relating to the Territory or Franchised Business, is more than thirty (30) days past due;

(iii) you fail to submit required reports or other information as provided herein or if you make any false submission in connection therewith; or

(iv) you fail to maintain a valid license or certification which you are required by state or local law or regulations to maintain.

Until the default has been cured, we or another franchisee authorized by us may solicit and service customers in your Territory.

d. Upon the occurrence of any event of default listed in Section 8.b or 8.c above, or any other material default under this Agreement or any other agreement between you and us or any of our affiliates, which remains uncured, we may (while such default remains uncured) (1) cease to provide you with services, (2) disable your access to, or prohibit you from accessing, any systems, web sites, web portals, materials or documentation, (3) access your systems, records and accounts, whether by remote means or otherwise, (4) service your customers and/or authorize another franchisee to service your customers, and/or (5) solicit, or authorize another franchisee to solicit, customers in your Territory.

9. POST TERMINATION OBLIGATIONS

In the event that this Agreement expires, is not renewed or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

a. Remove all Pool Scouts decals, signs and Marks from all of your vehicles and other premises;

b. Stop identifying yourself as a Pool Scouts franchisee, never hold yourself out as a former Pool Scouts franchisee and cease, and not thereafter commence, use of any of our Marks or any marks which are likely to be confused with our Marks;

c. Stop using all literature, information, documents, data and other materials (regardless of the form) received from, or made available by, us or our affiliates, including but not limited to all such materials that bear our Marks;

d. Pay to us all amounts owing to us;

. **e.** Transfer to us all telephone numbers, listings and advertisements used in relation to the Franchised Business and deliver to us copies of such documents of transfer;

f. Deliver to us copies, including electronic copies, of lists and other sources of information containing the names and contact information of customers, potential customers, suppliers and vendors of the Franchised Business;

g. Deliver to us all customer files, data and information, records, accounts and account information in any form (regardless of whether in paper or electronic form);

h. Deliver to us the copy of the Operations Manual, Sales Manual and all updates to them which we loaned to you;

i. Cancel all fictitious name listings which you have filed for use of any of our Marks; and

j. Adhere to the provisions of the covenant not to compete and any other covenant herein that requires performance by you after you are no longer a franchisee.

k. Certify to us, in writing, that you have complied with the obligations sets forth in Section 9.f through 9.h, that you have not retained, and will not retain, any copies in any form (regardless of whether paper or electronic) of the information contained therein, and that you have not provided, and will not provide, a copy, whether in whole or in part, of any such information to any party, including but not limited to any officer, director, manager, shareholder, member, partner, employee or agent.

10. COVENANT NOT TO COMPETE

a. In-Term. During the term of this Agreement, you agree not to (i) directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in any business that competes with the pool and spa cleaning and maintenance services offered by our franchisees, or any other business being carried on by us or our franchisees under franchise agreements, without our prior written consent, (ii) directly or indirectly, franchise or license any concept or system, that is potentially complementary to the businesses operated by any of our franchisees (including franchisees of our affiliates), including but not limited to Potentially Complementary Services Businesses, without our prior written permission, (iii) attempt to solicit or solicit any of our existing franchisees for any other franchise, license, system or concept offering Potentially Complementary Services Businesses, (iv) offer, cross-sell or solicit any Pool Scouts customer to purchase services from any other business in which you are directly or indirectly employed by, work with or are engaged in, and (v) use our accounts and/or customer information to promote any other business in which you, directly or indirectly, have an interest, whether as an owner, employee, agent or otherwise.

b. Post-Term. You agree that for a period of two (2) years following the termination, expiration, transfer or other disposition of this Agreement or the Franchised Business, you will not directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in pool and spa cleaning and maintenance services, within fifteen (15) miles of (i) your Territory, or (ii) the territory of any of our other franchisees. Additionally, you will not solicit a service relationship with any of our customers, suppliers or strategic partners.

c. For two (2) years after the Agreement expires or terminates, you will not contact, for the purpose of providing pool and spa cleaning and maintenance services which are the same as

or similar to those you are authorized to sell under this Agreement, any person or organization which was, at any time during the two (2)-year period prior to such expiration or termination, a customer to which you provided such services, or which you know is a customer of another franchisee located within fifteen (15) miles of your Territory. "Customer" includes successors of any customer who reorganized, merged, acquired or transferred their business. "Contact" includes responding to another's request for services.

d. You acknowledge that a violation of any of the covenants in this Section 10 may cause irreparable injury to us and/or to our franchisees, for which money damages may not adequately compensate us. Accordingly, you agree that a court or arbitrator may enjoin your violation of these covenants during the pendency of any dispute resolution proceeding between us, and you agree that we have no duty to post a bond as a condition of receiving such interim relief.

e. You agree not to disparage us or any of our affiliates, including our and their current and former employees, agents, managers and directors.

f. You also agree that you will never, directly or indirectly during or after the term of this Agreement, divulge to or use for the benefit of any person or entity outside of the Pool Scouts system, any information contained in our Operations Manual, any information concerning customers served by your Franchised Business, any information related to marketing, or any other systems or methods of operation of our business or that of our franchisees. In addition, you are prohibited from using any information related to your customers and their accounts, or our existing vendors and vendor relationships, to market or attempt to sell any goods or services of any other business in which you may have any interest. You agree not to do any act prejudicial or injurious to our goodwill or name. Information furnished to your employees will be reasonably limited to that which directly relates to and assists in the proper performance of such employee's duties.

g. You hereby acknowledge that the qualifications to be a Pool Scouts franchisee are special, unique and extraordinary, and that this Agreement would not be entered into by us except upon condition that such restrictive covenants be embodied herein.

h. You acknowledge and agree that the provisions of this Section 10 are reasonable, valid and not contrary to the public interest and you waive all defenses to the strict enforcement thereof by us.

i. All of the covenants contained in this Section will survive any termination or expiration of this Agreement.

j. If any covenant or provision herein is determined to be void or unenforceable, in whole or in part, it will be deemed severed and not to affect or impair the validity of any other covenant or provision of this Section.

We may reduce the temporal or geographic scope of any covenant in this Section 10, which reduction shall become effective upon your receipt of notice of it. You agree to comply with it as modified.

11. INDEPENDENT CONTRACTOR

You are an independent contractor. You are not our agent, partner, employee, or a participant in a joint venture and have no authority to hold yourself out as such to third parties. You do not have any authority to bind or obligate us. We are not and will not be liable for any act, omission, debt, or other obligation of yours.

You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Franchised Business and for all claims or demands for damage directly or indirectly related thereto. You agree to defend, indemnify and hold us and our employees harmless from and with respect to any such claim, loss or damage including specifically paying any attorneys' fees or expert fees we incur as a result of any such claim.

12. DEATH OR INCAPACITY

If both you and your Designated Manager become incapacitated to the extent that we determine you are both unable to conduct normal business functions, or if you and your Designated Manager dies, or if one of you dies or becomes incapacitated and the other does not assume day-to-day control of the Franchised Business, we, at our option, may allocate service calls in your Territory to neighboring franchisees without any obligation to compensate you or your estate, or we may appoint an interim Designated Manager. The interim Designated Manager, who may be another franchisee, shall operate the Franchised Business for the benefit of your estate, until the Franchised Business has been transferred to a new franchisee in compliance with Section 13, until the Franchised Business has been terminated, or until we approve a new Designated Manager to operate the Franchised Business for the benefit of your Survivors. Your survivors include your estate, others owning an interest in your Franchised Business, including any trust which owns an interest in the Franchised Business under terms which we have approved, and the beneficiaries of any will or trust you have established ("Survivors"). If we must operate the business under Section 12 of the Franchise Agreement, we will operate the business for a ninety (90) day period of time (which may be renewed for one additional ninety (90) day period), and we will periodically discuss the status of the Franchised Business with you or your Survivors.

Absent agreement to the contrary, the interim Designated Manager's compensation shall equal thirty-five percent (35%) of the net proceeds collected from amounts the Designated Manager bills on behalf of your Franchised Business. The Franchised Business shall be liable for paying sales taxes and all other expenses of the Franchised Business from its share of the proceeds. A Designated Manager may condition offering his or her services on the Survivor's agreement to different compensation or to an indemnification agreement.

We have no duty to appoint a Designated Manager for you or for your estate. We do not represent or warrant that any Designated Manager will operate the business in a way which is profitable.

We will condition our approval of a Designated Manager on your Survivors releasing us from liability for acts or omissions of a Designated Manager.

If a Survivor does not desire to acquire or retain your or your Designated Manager's interest, the Survivor will have a reasonable period of time, but no more than 180 days, to make a transfer acceptable to us, subject to the procedures described in Section 13.

13. ASSIGNABILITY

We may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining your approval. We will not permit you to sub-license or sub-franchise the Franchised Business. Your interest under this Agreement or your ownership in the Franchised Business may be transferred or assigned only if you comply with the following provisions. No interest may be transferred unless or until you are in full compliance with this Agreement. No accounts or assets of the Franchised Business may be assigned apart from an assignment of this Agreement.

a. If you have received and desire to accept a signed, bona fide offer to purchase or otherwise transfer an interest in the Franchised Business or any interest in this Agreement or you (the franchisee entity), you will grant us the option (the "Right of First Refusal") to purchase the Franchised Business or interest in you as hereinafter provided.

b. If you or the owner of any interest in the franchisee entity desires to make a transfer, such person or entity ("transferor") must comply with the following terms, conditions and procedures to effectuate a valid transfer:

(i) If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in our reasonable opinion, result in the transfer of effective control over the ownership of this Agreement and/or operation of the Franchised Business, a material part of your assets or you, (the franchisee entity), the transferee must apply for a Franchise and must meet all of our then current standards and requirements for becoming a franchisee (which standards and requirements need not be written).

c. Regardless of the degree of control which would be affected by a proposed transfer:

(i) The proposed transferor shall first notify us in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner we prescribe, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

(ii) The transferor shall provide us with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to us, accompanied by the proposed transferee's written agreement to the terms.

(iii) The proposed transferor shall provide us with any additional information, agreements, certifications or documents we request for use in our evaluation of whether to approve the transfer or to exercise our right of first refusal. We will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by you which requires our consent under Section 13 of the Franchise Agreement.

(iv) Upon receipt of our request, the proposed transferor shall promptly provide us with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once we have received all materials submitted by the proposed transferor and have reviewed all property, records and documents we have requested, within thirty (30) days we shall notify the transferor of our decision to exercise our right to acquire all or any part of the interest being transferred, and the conditions, if any, under which we will approve the proposed transfer.

(v) If the Franchised Business is being offered in combination with one or more other items, we have the right to purchase the interest we select at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, if the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three appraisers chosen in the following manner. You shall select one and we shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

(vi) If non-monetary consideration is offered, we may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, we may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At our option, we may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If we elect this option, we may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for us. Neither we nor our designee shall be liable for paying any brokerage commission on the value of the interest transferred.

(vii) If we exercise our right of first refusal, the transferor shall transfer the interest to us or to our assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, we may supply those terms in the purchase agreement and related documents.

(viii) If we or our assignee fail to exercise the option to purchase the interest sought to be transferred, then we shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of our approval or disapproval of the prospective transferee.

d. A transfer to a "Controlled Entity" will not trigger the Right of First Refusal. A "Controlled Entity" is an entity in which you are the beneficial owner(s) of the majority of all voting ownership interest in such entity. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity. We only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to us in a form which we prescribe. We do not charge a transfer fee for this change. The Controlled Entity is strictly prohibited from engaging in any business or activity other than the exercise of the rights granted in this Agreement to you and the performance of its obligation as a franchisee hereunder.

In the event you transfer to a Controlled Entity, you agree to comply with the following obligations:

(i) a Controlled Entity which is a corporation shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its Articles of Incorporation, Bylaws, other governing documents, any other documents we may reasonably request, and any amendments thereto;

(2) The Controlled Entity shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the Franchised Business contemplated hereunder; including the establishment and operation of the Franchised Businesses to be developed hereunder;

(3) The Controlled Entity shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Pool Scouts dated _____. Reference is made to the provisions of said Franchise Agreement and to the Articles and Bylaws of this Corporation.

(4) The Controlled Entity shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Controlled Entity and shall furnish the list to us upon request.

(ii) The Controlled Entity which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its partnership agreement or membership agreement as well as such other documents as we may reasonably request, and any amendments thereto; and

(2) The Controlled Entity shall prepare and furnish to us, upon request, a list of all or its general and limited partners and all of its members.

e. A transfer of interest among the owners of a franchisee entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest before and after the transfer. We do not charge a transfer fee for this change.

f. If we do not exercise our Rights of First Refusal, you may transfer the Franchised Business or ownership interest therein according to the terms set forth in the notice described in Section 13.c.(i), provided that you satisfy the conditions in sub-parts (f) through (j) below and complete the sale within ninety (90) days from the day on which we received the notice. If you do not conclude the proposed sale transaction within the ninety (90)-day period, the Right of First Refusal granted to us hereunder will continue in full force and effect.

g. The proposed transferee(s) must complete our then current Pool Scouts franchise application and pass our application screening using our then current qualifications.

h. The proposed transferee(s) must sign the then current Pool Scouts amendment forms and/or franchise agreement, as required by us, and must personally assume and be bound by all of the terms, covenants and conditions therein.

i. The proposed transferee(s) must attend and successfully complete our Operations Training.

j. You must sign our then current transfer and release forms and pay us a transfer fee of fifty percent (50%) of the then current franchise fee. We may require up to ten percent (10%) of the purchase price be held by us in a reserve account for six (6) months from the date of the sale to cover any warranty or service agreement claims by customers you have served. The exact percentage held will be determined by the number of projects completed by you in the six (6) months before the sale. If a claim is made, we will deduct from your reserve account Service Assistance costs (currently $100 per labor hour plus expenses) for each claim. At the end of the six (6) months, we will release any funds remaining to you.

14. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

15. GOVERNING LAW

a. Virginia Law. This Agreement takes effect upon our acceptance and execution of it. It shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 10 of this Agreement would not be enforceable under the laws of Virginia, and your Franchised Business is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 15 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

b. Jurisdiction and Venue. In any suit brought by us, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, you consent to venue and personal jurisdiction in the state and federal court of the city or county in which our national office is located, presently Virginia Beach, Virginia. In any suit brought against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue will be proper only in the federal court located nearest our national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter or diversity jurisdiction exists, in the city or county state court located where our national office is (presently the City of Virginia Beach, Virginia).

c. Jury Waiver. In any trial between any of the parties hereto, including present and former employees and agents of ours, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

d. Class Action Waiver. You agree that any claim you may have against us, including our past and present employees and agents, must be brought individually and you will not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

e. Compensatory Damages; Attorneys' Fees. In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages. Further, the prevailing party in any dispute shall be awarded its reasonable attorneys' fees and expert fees.

f. Statute of Limitations. All suits must be filed within one (1) year after the event(s) giving rise to the claim or the suit will be forever barred based on this agreed one (1) year statute of limitations.

16. MODIFICATION

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. Notwithstanding the foregoing, we may modify the provisions of the Operations Manual and Sales Manual, without your consent, at any time during the term of this Agreement in order to adjust for competitive changes, technological advancements, legal requirements and attempts to improve in the marketplace.

17. RELEASE OF PRIOR CLAIMS

By executing this Agreement, you and everyone owning an interest in the franchisee entity, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Pool Scouts Franchising, LLC, its past and present employees, agents, officers and directors, including Pool Scouts Franchising, LLC's parent, subsidiary and affiliates, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any duty we may have to offer to renew your Franchise as provided in any prior franchise agreements between us.

18. INDEMNIFICATION

You agree to indemnify us against any and all claims or causes of action, including attorneys' fees and expert fees, arising out of or related to your operation of the Franchised Business, unless such claim is solely the result of actions by us.

19. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. Telephone: (757) 215-4253. Facsimile: (757) 494-1217. Any such notice may also be given to you in the same manner at the address indicated below the Franchisee's signature on this Agreement.

20. FULL UNDERSTANDING

This Agreement is the entire agreement between you and us. This Agreement supersedes all other prior oral and written agreements and understandings between you and us with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

21. GUARANTY

You and all your officers, directors, partners, and members of the franchisee entity (collectively "Guarantors"), agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. Likewise, for and in

consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. The Guarantors waive presentment, demand or notice of non-performance and the right to require us to proceed against the other Guarantors. In addition, by each of their individual signatures below, each individual Guarantor agrees to Sections 17 and 21 of this Agreement, and to be bound by the terms of Section 15(a)-(e), inclusive, of this Agreement, as if the term "Guarantor" were substituted for the term "you" in each provision of Section 15(a)-(e), inclusive, of this Agreement.

22. SYSTEM MODIFICATIONS AND DISCRETION.

a. System Modifications. You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, chemicals, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, chemicals, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the equipment, signage, color schemes and uniform specifications and all other design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

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

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the covenant of good faith and fair dealing (to the extent it is implied by applicable law)."

b. Discretion. Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment

of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other interests; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-operated operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your express rights and obligations under this Agreement.

Name of Franchisee:_____

Type of Entity (Individual, Partnership, Corporation, LLC):_____

Effective Date:_____ **Entity Number:**_____

FRANCHISEE:

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

GUARANTORS:

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

_____
(Email Address)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

POOL SCOUTS FRANCHISING, LLC

By:_____
Michael Wagner, President

Date:_____

SCHEDULE "A" TO THE FRANCHISE AGREEMENT

Territory

The Franchise Territory is as follows:

Targeted Households In Territory

Targeted Households located within the Territory are as follows:

Scheduled Opening Date

Scheduled Opening Date for the Franchised Business is as follows: _____

SCHEDULE "B" TO THE FRANCHISE AGREEMENT

Form of Ownership

Franchisee: _____

Form of Ownership
(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage of Stock

Confirmation of entity documents. I/we affirm that we have provided true and valid business entity formation documents (i.e., Articles of Incorporation) for the entity type indicated above

Initials: _____ Initials: _____

Signatures on following page

FRANCHISEE

By:_____
(Signature)

_____
(Printed Name)

_____
(Title)

By:_____
(Signature)

_____
(Printed Name)

_____
(Title)

POOL SCOUTS FRANCHISING, LLC

By:_____
Michael Wagner, President

Date:_____

SCHEDULE "C" TO THE FRANCHISE AGREEMENT

Special Stipulations

To the extent of any conflict between the following and the provisions of the Franchise Agreement dated _____, the following special stipulation(s) will control:

_____

FRANCHISEE

By:_____ By:_____
(Signature) (Signature)

_____ _____
(Printed Name) (Printed Name)

_____ _____
(Title) (Title)

POOL SCOUTS FRANCHISING, LLC

By:_____ Date:_____
Michael Wagner, President

SCHEDULE "D" TO THE FRANCHISE AGREEMENT

State Addenda

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

a. Section 8 of the Franchise Agreement shall be amended to add:

Franchisees' rights upon Termination and Non-Renewal are as set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

b. Section 15.a of the Franchise Agreement shall be amended to add:

Illinois law shall apply to and govern the Franchise Agreement.

c. Section 15.b of the Franchise Agreement shall be amended to add:

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.

2. 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.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Franchise Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

a. Sections 2.b and 13.j of the Franchise Agreement do not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. Section 18 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

c. Section 15.a is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Franchise Agreement shall be amended as follows:

a. Sections 2.b and 13.j require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

b. Section 4.a of the Franchise Agreement is amended to add the following as the last sentence: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has requested a financial assurance. We have obtained a Franchisor Surety Bond as part of our registration in the State of Maryland. The bond has been issued for the benefit of the State of Maryland.

c. Section 8.b(i) of the Franchise Agreement which terminates the Franchise Agreement upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

d. Section 15.a of the Franchise Agreement states that the franchise must be governed by the laws of the Commonwealth of Virginia; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

e. Section 15.b of the Franchise Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

f. Section 17 of the Franchise Agreement requires the Franchisee to disclaim the occurrence and/or non-occurrence of certain acts; such disclaimers are not intended to, nor shall they at act, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise said Franchise Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

a. Sections 2.b and 8 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, 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 Agreement.

b. Sections 2.b and 13.j do not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

c. Section 4 shall be amended to add that pursuant to Minnesota Statute 604.113, the maximum service charge that may be imposed is $30.

d. Section 6.d shall be amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

e. Section 15.a shall be amended to add that Franchisor shall not in any way abrogate or reduce Franchisee's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

f. In addition, Section 15.f shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Franchise Agreement is amended as follows:

a. Sections 2.b and 13.j require you to sign a general release as a condition of renewal and transfer of the Franchise, and Section 17 contains a general release by you; the release excludes claims arising under the General Business Laws of the State of New York.

b. Section 11 is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products which we required, if such procedures or products were utilized by you in the manner required by us.

c. Under Section 13 of the Franchise Agreement, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

d. Section 15.a of the Franchise Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Franchise Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

(a) Section 2.b of the Franchise Agreement requires Franchisee to sign a general release as a condition of renewal of the franchise; such release shall exclude claims arising under the North Dakota Franchise Investment Law.

(b) Section 10.b of the Franchise Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(c) Section 15.a of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by North Dakota law.

(d) Section 15.b of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(e) Section 15.c of the Franchise Agreement regarding waiver of jury trial is deleted in its entirety.

(f) Section 15.e of the Franchise Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

(a) Section 15.a of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by Rhode Island law.

(b) Section 15.b of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Franchise Agreement shall be amended as follows:

a. Sections 8.b(x) and 8.c(i) states that the Franchisor may terminate the Franchise Agreement if the Franchisee commits a default under any other franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. 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 of fraud 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.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

SCHEDULE "E" TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby:

authorizes POOL SCOUTS FRANCHISING, LLC and POOL SCOUTS SERVICES, LLC (collectively, the "Company") to initiate debit entries and or credit correction entries to the undersigned's checking and/or savings account indicated below and

authorizes the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____
Bank

_____
Address

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry in initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
FRANCHISEE (Depositor) (Print Name)

By: _____

Date: _____

SCHEDULE "F" TO THE FRANCHISE AGREEMENT

PROGRAM SERVICES AGREEMENT

This PROGRAM SERVICES AGREEMENT is entered into this ____ day of _____, 20__, between POOL SCOUTS SERVICES, LLC ("we," "us" or "Pool Scouts Services") and _____ ("you" or "Franchisee").

WHEREAS, Pool Scouts Franchising, LLC ("Franchisor") and Franchisee are parties to that certain Franchise Agreement date as of the same date hereof (the "Franchise Agreement");

WHEREAS, pursuant to the terms of the Franchise Agreement, Franchisee is required to purchase Mailer Program services from Franchisor or its affiliate.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Setup Fee. You must pay us a fee to setup the Mailer Program (the "Setup Fee") within thirty (30) days prior to the Scheduled Opening Date. Currently, the Setup Fee is $1,000.

2. Mailing List Fee. You must pay to us a fee to obtain the mailing list each year (the "Mailing List Fee"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory.

3. Postcard Fee. Through the Mailer Program, you must send 42,000 postcards to the Targeted Households located in your Territory over the length of the Mailer Program. You must pay us a fee per postcard for each Targeted Household in your Territory (the "Postcard Fee"). Currently, the Postcard Fee is $0.43 per postcard.

4. First Season Mailer Program Fees. For your first Season, you must pay to us the Setup Fee, Mailing List Fee and Postcard Fee (collectively, the "Mailer Program Fees") at least thirty (30) days prior to the Scheduled Opening Date.

5. Subsequent Season Mailer Program Fees. After your first Season, you shall pay to us the Mailing List Fee and the Postcard Fee each year. You must pay us the Mailing List Fee and Postcard Fee each week in advance of the mailings: you must pay the fees to us on _____ for the mailings to be sent the following _____ through _____. The amount of the payment will be determined by us based on the Targeted Households in your Territory and the mailing list we purchase for the Mailer Program. You must make the payment to us by electronic funds transfer, or such other method as we determine from time to time.

6. Search Engine Optimization Fee. You must pay us a monthly fee per website for our provision and/or management of search engine optimization services (the "Search Engine Optimization Fee"). Currently, the Search Engine Optimization Fee is $300 per month. For your first Season, you must pay 100% of the annual Search Engine Optimization Fee to us at the time your website goes live. In subsequent Seasons, you must pay the Search Engine Optimization Fee to us one month prior to the month of service.

7. Digital Marketing Fee. You must pay to us or an approved supplier an annual fee for online, social media and other digital marketing initiatives and campaigns (the "Digital Marketing Fee"). Currently, the Digital Marketing Fee is at least $12,000 per year. You may wish to spend more. You must pay the Digital Marketing Fee to us or our approved supplier on a pro rata, monthly basis, as incurred.

8. Integrated Business Management Fee. You are required to use the integrated business management systems ("Integrated Business Management System") that we require. You must pay to us or an approved supplier a fee of $395 per month beginning with the second full calendar month after you sign the Franchise Agreement. In addition, if you need more than two (2) VOIP seats, you must pay us or an approved supplier an additional $30 per seat per month.

9. Rights, Fee Increases. We rent exclusive rights to use the mailing list for one year at a time and these lists are not available to you. They are solely available for use by us and/or our affiliates. We reserve the right to increase the Mailer Program Fees to reflect changes in the costs of design, production, list purchasing costs and postage and the Search Engine Optimization Fee and Digital Marketing Fee (collectively, the "Digital Advertising Program Fees") to reflect changes in the costs of the digital services and the fee for the Integrated Business Management System services. You must pay the then-current price in effect for the Mailer Program services, Digital Advertising Program services and Integrated Business Management System services provided by us under this Agreement, which may be more than our costs to provide the Mailer Program services, the Digital Advertising Program services and/or the Integrated Business Management System services to you. We will provide you with thirty (30) days' prior written notice of any change in the amount of the Mailer Program Fees and the Digital Advertising Program Fees. You acknowledge and agree that (i) we have the right to administer the Mailer Program, the Digital Advertising Program and the Integrated Business Management System and to profit therefrom, and (ii) you release any and all claims that you may have, now or at any time in the future, with respect to such administration and/or profit.

10. Our Obligations.

(a) Mailer Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will produce, or use a third party selected by us to produce, mailers for the Targeted Households in your Territory and deliver, or have delivered by a third party selected by us, the mailers to the United States Postal Service (or such other mail service we specify) on a weekly during the season. You may request that we produce, or have produced, and deliver, or have delivered, to the United States Postal Service (or such other mail service we specify) additional mailers on your behalf. You must pay our then-current fee for all additional mailers produced pursuant to this Section 10.

(b) Digital Marketing Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will provide SEO for your local website that we authorize, and online placement services, such as pay-per-clock advertising, Facebook or other social media advertising administration, remarketing or other digital advertising services.

11. Late Fees. You must pay to us interest at the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on all amounts you owe to us that are more than fifteen (15) days past due. All unpaid amounts will continue to accrue interest until paid in full.

12. Term. Unless sooner terminated as provided herein, the term of this Agreement shall be commensurate with the term of the Franchise Agreement and upon termination of the Franchise Agreement, this agreement shall immediately terminate; provided that your payment obligations under this Agreement will survive termination.

13. Termination. This Agreement will automatically terminate upon the termination of the Franchise Agreement. In addition, we have the right to terminate this Agreement upon ten (10) days' notice to you if you are in default under any terms and conditions of the Franchise Agreement or under any terms and conditions of this Agreement and such default continues for a period of ten (10) days after written notice to you. A default under this Agreement constitutes a default under the Franchise Agreement.

14. Pre-Termination Options. Prior to termination of this Agreement, if you are in default of any of your obligations under this Agreement, we may, in addition to other remedies that we may have, suspend all Mailer Program services, Digital Advertising Program services and/or Integrated Business Management System services we are required to provide to you under this Agreement. In addition, if you are in default under the terms of this Agreement, we reserve the right to withhold provision of services to you under the Franchise Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

15. Mailing Lists and Delivery. We obtain the mailing lists and identify the Targeted Households from third party data compilation and demographic information service provider(s) that we and/or our affiliate(s) select. We make no representation or warranty regarding the accuracy of any such mailing lists or demographic information related to the Targeted Households, which we use to perform our obligations under this Agreement. We are unable to represent or warrant that the actual number of mailers produced by us or a third party on your behalf and delivered to the United States Postal Service (or other mail service specified by us) will be delivered by the postal carrier to the Targeted Households in your Territory.

16. Assignment. This Agreement is fully assignable by us. You may not assign this Agreement, whether by sale of assets, merger, consolidation, or otherwise, or any obligations contained herein, without our prior written consent.

17. Capitalized Terms. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Franchise Agreement.

18. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

19. Third Party Beneficiary. You acknowledge and agree that Franchisor is an express and intended third party beneficiary of this Agreement, with the right to directly enforce this Agreement as it were a party hereto.

20. Waiver. The failure by Pool Scouts Services to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of Pool Scouts Services' rights thereafter to enforce each and every term and condition of this Agreement.

21. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

22. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

23. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

24. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Pool Scouts Services' national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Pool Scouts Services' national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

25. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

26. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

27. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

28. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

POOL SCOUTS SERVICES, LLC

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____
Address:_____
_____

GUARANTY FOR PROGRAM SERVICES AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned jointly and severally agree as follows: (a) the undersigned guarantees to Pool Scouts Services, LLC ("Pool Scouts Services") that _____ ("Franchisee") shall promptly pay and perform each and every undertaking, agreement and covenant of Franchisee set forth in the Program Services Agreement, and (b) the undersigned jointly and severally agree to be personally bound by, and personally liable for any breach of each and every provision of the Program Services Agreement by Franchisee, and (c) the undersigned jointly and severally guaranty payment of all amounts owed to BFB Services from time to time by Franchisee.

Dated this ____ day of _____, 20__

GUARANTORS:

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

SCHEDULE "G" TO THE FRANCHISE AGREEMENT

CONSENT TO AUDIO RECORDING

I understand that **Pool Scouts Franchising, LLC** uses a third-party "mystery shopper" vendor to help the company gauge customer service levels and to help the company identify and understand learning opportunities for its employees who directly or indirectly work with our customers. I understand that audio recording of telephone conversations by the mystery shopper vendor is part of the mystery shopper process.

As a business owner and Pool Scouts franchisee, I understand the importance of professional phone protocol. Therefore, I give my permission to the company, **Pool Scouts, LLC** and its' mystery shopping vendor to make audio recordings of any verbal interactions that I may have with a mystery shopper. I understand that the recordings may be disclosed to the company and **Pool Scouts, LLC**, and will be used for the purposes outlined above.

I acknowledge that I understand the purpose of this consent form and its content.

_____	_____	_____
Franchise Owner Name	Signature	Date
_____	_____	_____
Franchise Owner Name	Signature	Date

SCHEDULE "H" TO THE FRANCHISE AGREEMENT

CONVERSION ADDENDUM

This CONVERSION ADDENDUM ("Addendum") is entered into this ____ day of _____, 20__ (the "Effective Date") by Pool Scout Franchising, LLC ("we," "us," "our" or "Franchisor"), and _____ **[name of existing business entity]** (the "Company"), _____ **[name of individual owner(s) of existing business entity that will be franchisee/guarantors]** (the "Owners") and _____ **[name of the franchisee]** ("you," "your" or "Franchisee").

The Company owns and operates a business that provides pool and spa cleaning and maintenance services similar to the services offered by Franchisor's franchisees. The Company and the Owners have entered into a franchise agreement, of even date herewith (the "Franchise Agreement"), and the Company and Owners agree that Franchisee is permitted, and hereby converts the Existing Customers from customers of the Company to customers of the Franchisee.

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Existing Customers. Upon execution of this Addendum, the Company and the Owners will provide to Franchisor all information, as reasonably requested by Franchisor and in the format requested by Franchisor, with respect to all customers who were customers of the Company immediately prior to the execution of the Franchise Agreement (the "Existing Customers"). From and after the Effective Date, all such Existing Customers shall be customers of the Franchisee, and for all pool and spa cleaning and maintenance services, shall cease to be customers of the Company.

2. Waiver of Royalty and Service Fees for Existing Customers. Subject to Franchisee's compliance with the Franchise Agreement, Franchisor hereby agrees to waive payment by Franchisee of the Royalty and Service Fees for services provided to Existing Customers only for a period of two (2) years commencing upon the opening date of the Franchised Business (the "Waiver Period").

3. No Effect on Other Obligations. The waiver of Royalty and Service Fees set forth above does not have any effect on Franchisee's other obligations under the Franchise Agreement, including payment of Marketing Fees and all other fees under the Franchise Agreement. For avoidance of doubt, during the Waiver Period, Franchisee is obligated to pay all Royalty Fees with respect to all customers of the Franchised Business (other than Existing Customers), and to submit all required reports to Franchisor with respect to the Existing Customers and all other customers of the Franchised Business.

4. Termination. Unless this Addendum is sooner terminated, this Addendum shall automatically terminate on the second anniversary of opening date. Royalty and Service Fees for all Existing Customers shall be due and payable from and after the first to occur of the second

anniversary of the opening date of the Franchised Business, or earlier termination of this Addendum. Franchisor may terminate this Addendum in the event Franchisee is in default under the Franchise Agreement or any other agreement relating to the Franchised Business by and between Franchisor or any of its affiliates.

5. Acknowledgements. From and after the opening date of the Franchised Business, the Company and each Owner acknowledge and agree that (a) neither the Company, nor any Owner, shall offer or provide any pool or spa cleaning and maintenance services to any Existing Customers or any new customers, (b) the Company and the Owners shall refer all new customers to the Franchised Business, (c) all Existing Customers will become Franchisor's accounts, owned by Franchisor and shall not revert back to Franchisee under any circumstances, including termination or expiration of the Franchise Agreement, and (d) the provisions of Section 10 of the Franchise Agreement applies with respect to all Existing Customers.

6. Reaffirmation and Renewal of Release; No Presently Known Claims. In consideration for the foregoing modifications, Franchisee hereby reaffirms and renews its release of Franchisor and the Franchisor's related parties, all as set forth in Section 17 of the Franchise Agreement, as of the Effective Date of this Addendum. This release does not release Franchisor from any of its ongoing obligations under the Franchise Agreement that Franchisor is required to perform after the Effective Date of this Agreement. Franchisee represents and warrants that it presently knows of no claims it has against Franchisor, as of the Effective Date of this Addendum.

7. Confidential. Company, Owners and Franchise agrees that this Addendum is confidential, and that Company, Owners and Franchise will not disclose to anyone else the fact of, or terms of, this Addendum, so long as any of the Franchisee's Franchise Agreement(s) with Franchisor remain in effect. Franchisor reserves all other rights to enforce this confidentiality clause against Company, Owners and Franchise.

8. Reaffirmation of Franchise Agreement. Except as specifically set forth in this Agreement, this Addendum does not otherwise modify the Franchise Agreement, which is affirmed in its entirety, and Franchisee agrees that the Franchise Agreement and this Addendum are legally binding and enforceable. All terms not otherwise defined in this Agreement have the meanings set forth in the Franchise Agreement(s).

9. Entire Agreement. This Addendum, together with all exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

10. Waiver. The failure by Franchisor to enforce one or more terms or conditions of this Addendum will not be deemed a waiver of such term or condition, or of Franchisor's rights thereafter to enforce each and every term and condition of this Addendum.

11. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall, be stricken from this Addendum

without any effect upon the validity or enforceability of any other provisions of this Agreement.

12. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

13. Assignment. None of Company, Owners or Franchisee may assign this Addendum, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein without the express prior written consent of Franchisor.

14. Successors and Assigns. This Addendum shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

15. Governing Law. This Addendum will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflicts of law rules or provisions.

16. Venue and Jurisdiction. Company, Owner and Franchisee irrevocably submit to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Company, Owner and Franchisee further agree that all claims in respect of the action or proceeding must be brought exclusively in such courts.

17. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Company, Owner and Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

18. Authority. The individual signing on behalf of the Company and the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Addendum, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee and the Company.

19. Counterparts. This Addendum may be executed in two or more counterparts, each of which shall be deemed an original, and all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, this Addendum is effective as of the Effective Date.

Franchisor:

POOL SCOUTS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Address: _____
_____

COMPANY:

_____

By: _____
Name: _____
Title: _____
Address: _____
_____

OWNERS:

_____
Name: _____
Address: _____
_____

EXHIBIT E

AREA DEVELOPMENT AGREEMENT AND STATE AMENDMENTS

POOL SCOUTS

Area Development Agreement

POOL SCOUTS

AREA DEVELOPMENT AGREEMENT

Section		Page
1.	GRANT	1
2.	DEVELOPMENT FEE	2
3.	DEVELOPMENT OBLIGATIONS	2
4.	TERM	3
5.	DUTIES OF THE PARTIES	3
6.	DEFAULT	4
7.	TRANSFERS	5
8.	COVENANTS	9
9.	NOTICES	11
10.	PERMITS AND COMPLIANCE WITH LAWS	11
11.	INDEPENDENT CONTRACTOR AND INDEMNIFICATION	11
12.	APPROVALS AND WAIVERS	11
13.	ENTIRE AGREEMENT AND AMENDMENT	12
14.	RELEASE OF PRIOR CLAIMS	12
15.	NON-WAIVER OF BREACH	12
16.	APPLICABLE LAW	13
17.	GUARANTY	14

EXHIBITS

EXHIBIT A Development Schedule

EXHIBIT B Guarantee

EXHIBIT C Franchise Agreement

POOL SCOUTS
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (the "Agreement") is entered into on _____, 20____ by and between POOL SCOUTS FRANCHISING, LLC (the "Franchisor", "Pool Scouts), and _____, a _____ having its principal offices located at _____, _____, _____ (the "Area Developer").

WITNESSETH:

WHEREAS, Franchisor has developed a method and concept (the "System") to provide a seasonal business in pool and spa cleaning and maintenance services using the System and the Marks (as both are defined below) (the "Franchised Business or Businesses");

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to, the mark "Pool Scouts" and logo, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the "Marks"); and

WHEREAS, Area Developer wishes to obtain certain development rights to operate Franchised Businesses under Franchisor's System and wishes to obtain franchises from Franchisor for that purpose.

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. GRANT

1.1 Franchisor hereby grants development rights to Area Developer, and Area Developer hereby accepts the obligation, pursuant to the terms and conditions of this Area Development Agreement, to develop the number of Franchised Businesses as specified in Exhibit A to this Agreement. Each Franchised Business for which a development right is granted hereunder shall be established and operated pursuant to: (i) a separate Pool Scouts Franchise Agreement ("Franchise Agreement") to be entered into between Area Developer and Franchisor in accordance with Section 3.1 below; and (ii) the development schedule set forth in Paragraph 2 of Exhibit A attached hereto (the "Development Schedule"). Each Franchised Business developed hereunder shall be located in the area described in Paragraph 1 of Exhibit A, attached hereto (the "Development Area"). Area Developer (and its affiliates) may not open a second Franchised Business until the first Franchised Business opened pursuant to this Agreement has been open for at least twelve months. Area Developer may purchase additional territories (beyond the number granted in this Agreement) at the discounted price (currently $25,000 per territory) within 24 months after the opening of its (or its Affiliate's) first Franchised Business, provided Area Developer (or its Affiliate) is a franchise owner in good standing, and at our sole discretion.

1.2 So long as Area Developer is in compliance with its obligations under this Agreement and/or any other agreements with the Franchisor or its affiliates, Franchisor shall not establish, nor license anyone other than Area Developer to establish, a Franchised Business under the System in the Development Area, until the last date specified in the Development Schedule. Franchisor retains all rights not specifically granted to Area Developer, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Pool Scouts" Franchised Businesses at any location outside the Development Area, regardless of proximity to the Development Area; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of the Development Area that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a "Pool Scouts" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein. Franchisor may dispatch franchisees from neighboring territories to service customers in the Development Area as provided in Pool Scouts Franchise Agreements. Area Developer's rights within the Development Area are also subject to other franchisees' rights under Franchisor's various programs and policies.

1.3 This Agreement is not a franchise agreement, and does not grant to Area Developer any right to use in any manner Franchisor's Marks or System.

1.4 Area Developer shall have no right under this Agreement to license others to use in any manner the Marks or the System.

2. CUMULATIVE FRANCHISE FEE

2.1 In consideration of the development rights granted herein, Area Developer has paid to Franchisor upon execution of this Agreement fee equal to _____ Dollars ($_____) (the "Cumulative Franchise Fee"), receipt of which is hereby acknowledged by Franchisor, which has been fully earned and is non-refundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Area Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 Area Developer (or an entity controlled by Area Developer (hereafter "Affiliate")) shall execute a Franchise Agreement for each Franchised Business in a territory approved by Franchisor in the Development Area as hereinafter provided (the "Territory"). The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit C (the "First Franchise Agreement"). The Franchise Agreement for each additional Franchised Business developed hereunder shall be in the form of the Franchise Agreement being offered generally by Franchisor at the time each such Franchise Agreement is executed. The Franchise Agreement for each Franchised Business shall be executed by Area Developer and submitted to Franchisor within fifteen (15) days of its receipt

from Franchisor. Area Developer must execute one Franchise Agreement, and make all payments required thereunder at the time of signing, at the time this Area Development Agreement is signed.

Franchisor's duty to offer or grant franchises is subject to the requirement to maintain franchise disclosure documents and franchise registrations as required by law. If Franchisor may not lawfully offer or sell a franchise at a time Area Developer desires to execute the Franchise Agreement, Franchisee's and Area Developer's duties hereunder shall be deferred until such documents are amended and, if applicable, approved for use, and delivered to Area Developer.

3.2 Recognizing that time is of the essence, Area Developer agrees to satisfy the Development Schedule. Failure by Area Developer to adhere to the Development Schedule, shall constitute a default under this Agreement as provided in Section 6.2 hereof.

4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the date when Area Developer has open and in operation all of the Franchised Businesses required by the Development Schedule.

5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, Franchisor shall furnish to Area Developer the following:

5.1.1 Such developer training for Area Developer as Franchisor may deem advisable.

5.2 Area Developer accepts the following obligations:

5.2.1 An Area Developer which is a corporation shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1.1 Area Developer shall furnish Franchisor with its Articles of Incorporation, Bylaws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto;

5.2.1.2 Area Developer shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder;

5.2.1.3 Area Developer shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with Pool Scouts dated _____. Reference is made to the provisions of said Area Development Agreement and to the Articles and Bylaws of this Corporation.

5.2.1.4 Area Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Area Developer and shall furnish the list to Franchisor upon request.

5.2.2 An Area Developer which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.2.1 Area Developer shall furnish Franchisor with its partnership agreement or membership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and

5.2.2.2 Area Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners and all members in Area Developer.

5.2.3 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.2.4 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

5.2.5 Area Developer shall provide Franchisor with annual unaudited balance sheets and statements of financial condition.

6. DEFAULT

6.1 Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; or if Area Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; or if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area

Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Business developed hereunder is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of Area Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Area Developer fails to meet its obligations under the Development Schedule, such action shall constitute a default under this Agreement, upon which Franchisor, in its discretion, may terminate the rights granted in Section 1.2 hereof, effective fifteen (15) days following notice from Franchisor.

6.3 Except as otherwise provided in Sections 6.1 and 6.2 above, if Area Developer fails to comply with any material term and/or condition of this Agreement, or fails to comply with the terms and/or conditions of any Franchise Agreement between the Area Developer (or a person or entity affiliated with or controlled by the Area Developer) and the Franchisor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the fifteen (15)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to the right to develop new Franchised Businesses) shall terminate without further notice to Area Developer effective immediately upon the expiration of the fifteen (15)-day period or such longer period as applicable law may require.

6.4 Upon termination of this Agreement, Area Developer shall have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Thereafter, Franchisor shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer.

6.5 No default under Section 6.2 of this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

6.6 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Franchisor may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining Area Developer's approval. Neither Area Developer nor an owner with an interest in this Agreement (collectively "transferor") may sub-license or sub-franchise its rights granted by this Agreement. Area Developer's interest under this Agreement or its ownership

in the Area Developer entity may be transferred or assigned only if transferor complies with the following provisions. No interest may be transferred unless or until Area Developer and the transferor are in full compliance with this Agreement. No right to execute a Franchise Agreement may be assigned apart from an assignment of all of Area Developer's rights to execute Franchise Agreements under this Agreement.

7.2 If a transferor has received and desires to accept a signed, bona fide offer to purchase or otherwise transfer an interest in Area Developer's business or any interest in this Agreement or the Area Developer entity, the transferor shall grant Franchisor the option (the "Right of First Refusal") to purchase transferor's business or interest in the Area Developer as hereinafter provided.

7.3 If the transferor desires to make a transfer, such person or entity must comply with the following terms, conditions and procedures to effectuate a valid transfer:

7.3.1 If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in Franchisor's reasonable opinion result in the transfer of effective control over the ownership of this Agreement and/or operation of Area Developer's business, a material part of Area Developer's assets or the Area Developer entity, the transferee must apply for an Area Development Agreement and must meet all of Franchisor's then current standards and requirements for becoming an Area Developer (which standards and requirements need not be written).

7.4 Regardless of the degree of control which would be affected by a proposed transfer:

7.4.1 The proposed transferor shall first notify Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner Franchisor prescribes, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

7.4.2 The transferor shall provide Franchisor with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to Franchisor, accompanied by the proposed transferee's written agreement to the terms.

7.4.3 The proposed transferor shall provide Franchisor with any additional information, agreements, certifications or documents Franchisor requests for use in its evaluation of whether to approve the transfer or to exercise its Right of First Refusal.

7.4.4 Upon receipt of Franchisor's request, the proposed transferor shall promptly provide Franchisor with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once Franchisor has received all materials submitted by the proposed transferor and has reviewed all property, records and documents Franchisor has requested, within thirty (30) days Franchisor shall notify the transferor

of Franchisor's decision to exercise its right to acquire all or any part of the interest being transferred, and the conditions, if any, under which Franchisor will approve the proposed transfer.

7.4.5 If the transferor's interest in Area Developer, the Area Developer's business or in this Agreement is being offered in combination with one or more other items, Franchisor has the right to purchase the interest it selects at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, Franchisor may establish a fair value for the interest it selects to acquire, based either upon the prices paid for similar interests in arm's length transactions during the previous two (2)-year period before the date of the proposed transfer, or on other reasonable criteria.

7.4.6 If non-monetary consideration is offered, Franchisor may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, Franchisor may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At Franchisor's option, Franchisor may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If Franchisor elects this option, Franchisor may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for Franchisor. Neither Franchisor nor its assignee shall be liable for paying any brokerage commission on the value of the interest transferred.

7.4.7 If Franchisor exercises its Right of First Refusal, the transferor shall transfer the interest to Franchisor or to Franchisor's assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, Franchisor may supply those terms in the purchase agreement and related documents.

7.4.8 If Franchisor or its assignee fails to exercise the option to purchase the interest sought to be transferred, Franchisor shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of its approval or disapproval of the prospective transferee.

7.5 A transfer to a "Controlled Entity" will not trigger the Right of First Refusal. A "Controlled Entity" is an entity in which the transferor(s) is/are the beneficial owner(s) of one hundred percent (100%) of each class of voting ownership interest in the Area Developer entity. At the time of the desired transfer of interest to a Controlled Entity, the transferor must notify Franchisor in writing of the name of the Controlled Entity. Franchisor only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to Franchisor in a form which Franchisor prescribes. Franchisor does not charge a transfer fee for this change.

7.6 A transfer of interest among the owners of an Area Developer entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, the transferor must notify Franchisor in writing of the name and address of each officer, director shareholder, member, partner or similar owner of an interest and their respective ownership interest before and after the transfer. Franchisor does not charge a transfer fee for this transfer.

7.7 If Franchisor does not exercise its Right of First Refusal, the transferor may transfer this Area Development Agreement or ownership interest herein according to the terms set forth in the notice, provided that Area Developer and the transferor satisfy the conditions in Sections 7.8 through 7.13 below and complete the sale within ninety (90) days from the day on which Franchisor receives the notice. If Area Developer does not conclude the proposed transfer within the ninety (90)-day period, the Right of First Refusal granted to Franchisor hereunder shall continue in full force and effect.

7.8 The proposed transferee(s) must complete Franchisor's then current Pool Scouts franchise application and pass Franchisor's application screening using Franchisor's then current qualifications, which need not be written.

7.9 The proposed transferee(s) must sign the then current Pool Scouts amendment forms and/or franchise agreement, as required by Franchisor, and must personally assume and be bound by all of the terms, covenants and conditions therein.

7.10 The proposed transferee(s) must attend and successfully complete Franchisor's Operations Training.

7.11 The transferor must sign Franchisor's then current transfer and release forms.

7.12 All materials required for any offer or sale of securities of Area Developer (or any entity that owns or is affiliated with Area Developer) by federal or state law shall be submitted to Franchisor for review, approval, and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No Area Developer offering shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer or offer or of Area Developer's or Franchisor's securities; and Franchisor's review and approval of any offering shall be limited solely to the subject of the relationship between Area Developer and Franchisor and shall not, in any manner be deemed a review or approval of the substantive nature or legality of any such security offering or sale. Area Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Area Developer shall pay Franchisor a non-refundable fee of Twenty-five Thousand Dollars ($25,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.12. Any such offering shall be subject to Franchisor's Right of First Refusal, as set forth in Section 7.4 hereof.

7.13 Franchisor's consent to a transfer of any interest in this Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor may disapprove any transfer which may constitute a subdivision of the Territory or the granting of subfranchises.

8. COVENANTS

8.1 Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, a principal of Area Developer approved by Franchisor) shall devote sufficient time, energy and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and confidential information, including, without limitation, a manual and other information regarding the site selection, operational, sales, promotional and marketing methods and techniques of Franchisor and the System, and that Area Developer has the exclusive right and obligation to develop the Development Area. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation divert or attempt to divert any business or customer of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.

8.3 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which is the same as or similar to the business contemplated hereunder which is located in whole or in part within the Development Area, other than those Franchised Businesses provided for in the Development Schedule; and shall not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 7, above; (b) the expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.3; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which develops, finances or offers Pool and Spa cleaning and maintenance services and which business is, or is intended to be, conducted within the Development Area or within a fifteen (15)-mile radius of the territory of any other franchisee then using the System or any of our affiliate-owned businesses.

8.4 Section 8.3 hereof shall not apply to ownership by Area Developer of less than a one percent (1 %) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities and Exchange Act of 1934.

8.5 At Franchisor's request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons: (1) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer, and of any corporation directly or indirectly controlling Area Developer, if Area Developer is a corporation or other entity; and (2) the general partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Area Developer is a partnership. Every covenant required by this Section 8.5 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 8.5 shall constitute a default under Section 6.3 hereof.

8.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 8, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees and expert fees) incurred by Franchisor in connection with the enforcement of this Section 8, and any of Franchisor's other rights under this Agreement.

8.9 Area Developer acknowledges that Area Developer's violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Area Developer in violation of the terms of this Section 8.

9. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our President at our National Headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452. Telephone: (757) 215-4253. Facsimile: (757) 494-1217. Any such notice may also be given to you in the same manner at the address indicated below the Area Developer's signature on this Agreement. Either party may change the address at which it shall receive notices by sending a notice to the other party as provided in this section.

10. PERMITS AND COMPLIANCE WITH LAWS

10.1 Area Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Business established pursuant to this Agreement.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Area Developer is an independent contractor. Area Developer is not Franchisor's agent, partner, employee or a participant in a joint venture and has no authority to hold itself out as such to third parties. Area Developer does not have any authority to bind or obligate Franchisor. Franchisor is not and shall not be liable for any act, omission, debt or other obligation of Area Developer.

11.2 Area Developer is responsible for all loss or damage and for all contractual liability to third parties arising out of or incurred in connection with the operation of the Area Developer's business and for all claims or demands for damage directly or indirectly related thereto. Area Developer agrees to defend, indemnify and hold harmless Franchisor and its employees of and from and with respect to any such claim, loss or damage.

12. APPROVALS AND WAIVERS

12.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing. A request for approval shall be deemed denied unless or until Franchisor grants its written approval.

12.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer, by providing any waiver, approval,

consent, or suggestion to Area Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12.3 No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Area Developer, or as to subsequent breach or default by Area Developer. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, provisions, covenants, or conditions of this Agreement.

13. ENTIRE AGREEMENT AND AMENDMENT

13.1 This Agreement is the entire agreement between Area Developer and Franchisor. This Agreement supersedes all other prior oral and written agreements and understandings between Area Developer and Franchisor with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.2 No modifications to this Agreement shall have any effect unless such modification is in writing and signed by Area Developer and by Franchisor's authorized officer.

14. RELEASE OF PRIOR CLAIMS

By executing this Agreement, the undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Franchisor, its past and present employees, agents, officers and directors, including Franchisor's parent, subsidiary and affiliated corporations, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any Area Development Agreement, Franchise Agreement or other agreement or relationship, between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to Franchisor's renewal obligations, as contained in any prior or other area development agreement, or to any duty it may have to comply with franchise sales laws applicable to this transaction.

15. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

16. APPLICABLE LAW

16.1 Virginia Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the

Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 8 of this Agreement would not be enforceable under the laws of Virginia, and Area Developer is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Area Developer's principal place of business is located. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

16.2 Jurisdiction and Venue. In any suit brought by Franchisor, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, Area Developer consents to venue and personal jurisdiction in the state and federal court of the city or county of Franchisor's national office, presently Virginia Beach, Virginia. In any suit brought against Franchisor, including Franchisor's present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue shall be proper only in the federal court located nearest Franchisor's national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter nor diversity jurisdiction exists, in the city or county state court located where Franchisor's national office is (presently the City of Virginia Beach, Virginia).

16.3 Jury Waiver. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Area Developer and Franchisor agree to waive Area Developer's and Franchisor's rights to a jury trial, and instead have such action tried by a judge.

16.4 Class Action Waiver. Area Developer agrees that any claim it may have against Franchisor, including Franchisor's past and present affiliates, officers, directors, employees and agents, must be brought individually and Area Developer shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against Franchisor.

16.5 Compensatory Damages. In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former affiliates, officers, directors, agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages.

17. GUARANTY

The Area Developer, and if it is an entity, all its officers, directors, partners and members, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, and to pay any other debts due Franchisor. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due Franchisor, and the duty to comply with the transfer procedures and covenants set forth in Sections 7 and 8. The Guarantors waive presentment, demand or notice of non-performance and the right to require Franchisor to proceed against the other Guarantors.

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

POOL SCOUTS FRANCHISING, LLC

FRANCHISOR:

By:_____

Name:_____

Title:_____

Notices to Franchisor:
POOL SCOUTS FRANCHISING, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452

Notices to Area Developer:
_____
_____
_____
Attention: _____
Fax:_____

_____

AREA DEVELOPER:

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

POOL SCOUTS
AREA DEVELOPMENT AGREEMENT

EXHIBIT A

DEVELOPMENT SCHEDULE

1. Each Franchised Business developed under this Area Development Agreement shall be located in the following area (the "Development Area", as more specifically described in Section 1.1 of this Agreement):

2. Recognizing that time is of the essence, Area Developer agrees to satisfy the development schedule set forth below:

By Date:	**Cumulative Total Number of Franchised Businesses Which Area Developer Shall Have Opened and in Operation:**

INITIALED:

FRANCHISOR: ___ AREA DEVELOPER: ___

POOL SCOUTS
AREA DEVELOPMENT AGREEMENT

EXHIBIT B

GUARANTEE

As an inducement to POOL SCOUTS FRANCHISING, LLC (the "Franchisor", "Pool Scouts") to execute the Pool Scouts Area Development Agreement between Franchisor and _____ ("Area Developer") dated _____, 20_____ (the "Agreement"), the undersigned hereby agree to defend, indemnify and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, expert fees, reasonable costs of investigation, court costs, and expenses) resulting from, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for obligations hereunder existing at the time of death; the obligations of the other guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 8 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

POOL SCOUTS

AREA DEVELOPMENT AGREEMENT

EXHIBIT C

FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Franchisor is attached.

AREA DEVELOPMENT AGREEMENT

STATE SPECIFIC AMENDMENTS

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ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF ILLINOIS

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Area Development Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

a. Section 6 of the Area Development Agreement shall be amended to add:

Franchisees' rights upon Termination and Non-Renewal are as set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

b. Section 16.1 of the Area Development Agreement shall be amended to add:

Illinois law shall apply to and govern the Area Development Agreement.

c. Section 16.2 of the Area Development Agreement shall be amended to add:

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.

2. 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.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

.

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF INDIANA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Area Development Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

   a. Section 14 of the Area Development Agreement does not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

   b. Section 16.1 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

.

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF MARYLAND

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Area Development Agreement shall be amended as follows:

a. Section 2.1 of the Area Development Agreement is amended to add the following as the last sentence: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has requested a financial assurance. We have obtained a Franchisor Surety Bond as part of our registration in the State of Maryland. The bond has been issued for the benefit of the State of Maryland.

b. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

c. Section 7.11 requires Area Developer to sign a general release as a condition of transfer of the area development rights; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

d. Section 16.1 of the Area Development Agreement states that the laws of the Commonwealth of Virginia govern; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

e. Section 16.2 of the Area Development Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement shall not limit any rights Area Developer may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable

to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other provisions of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF MINNESOTA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise said Area Development Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Area Development Agreement agree as follows:

a. Sections 4 and 6 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that an Area Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

b. Section 14 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits an area developer from requiring a franchisee to assent to a general release.

c. Section 16.1 shall be amended to add that Franchisor shall not in any way abrogate or reduce Area Developer's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

d. In addition, Section 16.1 shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

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

f. Pursuant to Minnesota Statute 604.113, the maximum service charge that may be imposed is $30.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF NEW YORK

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Area Development Agreement is amended as follows:

a. Under Section 7.1, we will not transfer and assign our rights and obligations under the Area Development Agreement unless the transferee will be able to perform our obligations under the Area Development Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

b. Section 7.11 requires you to sign a general release as a condition to transfer of the area development rights; the release excludes claims arising under the General Business Laws of the State of New York.

c. Section 16.1 of the Area Development Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Area Developer by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

.

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Area Development Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

(a) Section 8.3 of the Area Development Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(c) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by North Dakota law.

(d) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(e) Section 16.3 of the Area Development Agreement regarding waiver of jury trial is deleted in its entirety.

(f) Section 16.5 of the Area Development Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

.

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF RHODE ISLAND

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Area Development Agreement for Pool Scouts Franchising, LLC shall be amended as follows:

(a) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by Rhode Island law.

(b) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

.

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Area Development Agreement shall be amended as follows:

a. Section 6.3 states that the Franchisor may terminate the Area Development Agreement if the Area Developer commits a default under any franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. 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 of fraud 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.

3. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
POOL SCOUTS FRANCHISING, LLC

FOR THE STATE OF WISCONSIN

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **POOL SCOUTS FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Area Development Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

POOL SCOUTS FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

EXHIBIT F-1

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

.

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby:

authorizes POOL SCOUTS FRANCHISING, LLC and POOL SCOUTS SERVICES, LLC (collectively, the "Company") to initiate debit entries and or credit correction entries to the undersigned's checking and/or savings account indicated below and

authorizes the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____
Bank

_____
Address

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry in initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
FRANCHISEE (Depositor) (Print Name)

By: _____

Date: _____

.

EXHIBIT F-2

PROMISSORY NOTE

PROMISSORY NOTE

$_____ **_____, 20__**
Virginia Beach, Virginia

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of POOL SCOUTS SERVICES, LLC ("Lender"), at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452 or at the Lender's option, at such other place as may be designated from time to time by holder, the amount of _____ and __/100 DOLLARS ($_____.__), together with interest at the rate per annum set for the below, on the unpaid balance computed from the date set forth below.

This Note shall be payable in monthly payments of principal and interest commencing on _____, 2___, and continuing on the ___ day of each month thereafter. The entire outstanding principal balance and all interest and other applicable fees, costs and charges, if any, will be due on _____, 2____.

Interest on the outstanding principal balance shall accrue as follows:

Months 1-12: ____%
Months 23-24: ____%
Months 25-36: ____%
Months 37-48: ____%
[Add additional months as necessary]

This Note shall be secured.

Borrower has requested that Lender make the loan evidenced by this Note to enable Borrower to [finance the Initial Franchise Fee and other opening costs] for a Pool Scouts franchise (the "Franchised Business") to be opened and operated by Borrower pursuant to a Franchise Agreement, dated _____, by and between Pool Scouts Franchising, LLC ("Franchisor") and Borrower (the "Franchise Agreement").

After maturity, this Note shall bear interest at the rate of _____ percent (___%) per annum or the maximum interest rate permitted by law, whichever is less. In the event Borrower fails to fully pay any installment of principal and/or interest or otherwise fails to repay this Note within five (5) days of its due date, the Obligor (as defined below) agrees to pay the Lender on demand a late charge of five percent (5%) of the scheduled payment. The Lender may, at its option, apply any late payments (either full or partial) in the following manner: first, to interest, then to principal and finally to late charges.

The Borrower represents and warrants to Lender that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned shall have the right to pre-pay this Note, in whole or in part, without penalty, at any time.

The Borrower agrees to pay all attorneys' fees, expert fees and other costs and expenses that Lender may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as Borrower, endorser, surety, guarantor, or otherwise (an "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Lender may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under

this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Borrower changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Lender and/or any affiliate of Lender are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Lender without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Lender and/or any affiliate of Lender and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

EACH OBLIGOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH OBLIGOR AND LENDER MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTION OR PROCEEDING, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH OBLIGOR, AND EACH OBLIGOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY AND THAT EACH OBLIGOR HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH ITS COUNSEL.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Lender, its successors and assigns.

[This Note shall be contingent upon the Borrower securing SBA or other suitable financing for the Franchise Business.]

This Note shall be governed by and construed in all respects and enforced according to the laws of the Commonwealth of Virginia. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United Stated District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Borrower further agrees that any such action or proceeding must be brought exclusively in such courts.

WITNESS the following signature(s) and seal(s):

If Borrower is an entity:

BORROWER:

_____

By: _____

Name: _____

Title: _____

Address: _____

_____

If Borrower is an individual:

Signature:_____

Name: _____

Address: _____

_____

Signature:_____

Name:_____

Address: _____

_____

EXHIBIT F-3

GUARANTY

GUARANTY AGREEMENT

FOR VALUE RECEIVED, and in order to induce POOL SCOUTS SERVICES, LLC ("Lender") to accept the Promissory Note dated _____, in the principal amount of _____ and __/100 DOLLARS ($_____.__) ("Note") signed by _____ ("Borrower"), the undersigned hereby absolutely and unconditionally guarantee to Lender the due and prompt payment of the indebtedness represented by said Note, and all other costs incurred, including reasonable attorneys' fees, in enforcing the terms of the Note and this Guaranty.

The undersigned hereby agrees that Lender may from time to time without notice to or consent of the undersigned and upon such terms and conditions as Lender may deem advisable without affecting this Guaranty: (a) make any agreement extending or otherwise altering the time for or the terms of payment of all or any part of the Note; (b) modify, waive, compromise, release, subordinate, resort to, exercise or refrain from exercising any right Lender may have hereunder; (c) accept security or additional security or guarantees of any kind; (d) endorse, transfer or assign the Note to any other party; (e) accept from the Borrower or any other party partial payment or payments on account of the Note; (f) from time to time hereafter further loan monies or give or extend credit to or for the benefit of the Borrower; (g) release, settle or compromise any claim of Lender against the Borrower, or against any other person, firm or corporation.

The undersigned hereby unconditionally and absolutely waive: (a) any obligation on the part of Lender to protect, secure or insure any of the security given for the payment of the Note; (b) the invalidity or unenforceability of the Note; (c) any of the security given for the payment of the Note; (d) notice of acceptance of this Guaranty by Lender; (e) notice of presentment, demand for payment, notice of non-performance, protest, notices of protest and notices of dishonor, notice of non-payment or partial payment; (f) notice of any defaults in the performance of any of the covenants and agreements contained therein, in any instrument given as security for the Note or in any other agreement or contract between Lender and Borrower; (g) the transfer or sale by Borrower or the diminution in value thereof or any security given for the Note; (h) any failure, neglect or omission on the part of Lender to realize or protect the Note or any security given therefor; (i) any right to insist that Lender prosecute collection of the Note or resort to any instrument or security given to secure the Note or to proceed against the Borrower or against any other guarantor or surety prior to enforcing this Guaranty; provided, however, at its sole discretion Lender may either in a separate action pursuant to this Guaranty pursue its remedies against the Borrower or any other guarantor or surety, without affecting its rights under this Guaranty; (j) notice to the undersigned of the existence of an extension of the Note; or (k) any order, method or manner of application of any payments on the Note.

Without limiting the generality of the foregoing, the undersigned will not assert against Lender any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, ultra vires acts, usury, illegality or unenforceability which may be available to the Borrower in respect of the Note, or any setoff available against Lender to the Borrower whether or not on account of a related transaction, and the undersigned expressly agrees that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Note, notwithstanding provisions of law that may prevent Lender from enforcing such deficiency against the Borrower. The

undersigned hereby specifically waives and renounces any right to proceed against Lender, and its successors and assigns, for any deficiency arising as a result of the foreclosure of any mortgage or security agreement. The liability of the undersigned shall not be affected or impaired by any voluntary or involuntary dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Borrower or any of its assets and that upon the institution of any of the above actions, at Lender sole discretion and without notice thereof or demand therefor, the undersigned's obligations shall become due and payable and enforceable against the undersigned whether or not the Note or any of its installments is then due and payable.

The undersigned further agrees that no act or thing, except for payment in full, which but for this provision might or could in law or in equity act as a release of the liabilities of the undersigned hereunder shall in any way affect or impair this Guaranty and the undersigned agrees that this shall be a continuing, absolute and unconditional Guaranty and shall be in full force and effect until the Note has been paid in full.

The undersigned agrees that all indebtedness, liability or liabilities now or at any time or times hereafter owing by the Borrower to the undersigned are hereby subordinated to the Note and any payment of indebtedness of the Borrower to the undersigned, if Lender requests, shall be received by the undersigned as trustee for Lender on account of the Note. The undersigned agrees that the payment of any amount or amounts by the undersigned pursuant to this Guaranty shall not in any way entitle the undersigned, whether at law, in equity or otherwise to any right to direct the application or disposition of any such security or any right to direct the enforcement of any such security.

Performance by the undersigned under this Guaranty shall not entitle the undersigned to be subrogated to the Note or to any security therefor, unless and until the full amount of the indebtedness has been fully paid.

This Guaranty Agreement shall governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to the conflicts of laws provisions. Each undersigned guarantor irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Each of the undersigned further agrees that any such action or proceeding must be brought exclusively in such courts.

Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Guaranty shall affect or release the joint and several liability of any other person or party.

DATED _____

LENDER:

POOL SCOUTS SERVICES, LLC

Signature:_____

Name:_____

Title: _____

GUARANTOR:

Signature:_____

Name:_____

Address:_____

_____

Signature:_____ _____

Name:_____

Address:_____

_____

EXHIBIT F-4

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, made this ____ day of _____, 20__, by the undersigned ("Borrower"), to POOL SCOUTS SERVICES, LLC, a Virginia limited liability company, having its principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 ("Secured Party").

Borrower and Pool Scouts Franchising, LLC ("Franchisor") have entered into that certain Franchise Agreement, dated _____, 2____ (the "Franchise Agreement") pursuant to which Franchisor granted Borrower a right to operate a Pool Scouts franchise (the "Franchised Business"). To enable Secured Party to pay to Franchisor the franchise fee and other opening costs, Secured Party has made a loan to Borrower in the amount of $_____ (the "Loan") as evidenced by that certain Promissory Note, dated _____, 2____ (the "Note").

1. In consideration of Secured Party making the Loan to Borrower, Borrower hereby grants to Secured Party a security interest in all of the stock of goods, wares and merchandise (collectively the "Inventory"), and the trade fixtures, furnishings and equipment, including Borrower's service van(s), vehicles, computers and computer programs (collectively the "Equipment"), and accounts, contract rights, general intangibles, chattel paper, revolving accounts, extended credit contracts, open accounts, leases, insurance policies, documents, deposits, trademarks, trade names, customers lists, books, records, catalogues and sales aids (collectively the "Property") (the Inventory, the Equipment and the Property are collectively referred to herein as the "Collateral"), wherever located, whether now owned or hereafter acquired, and any replacement, substitutions, additions, accessions or cash and non-cash proceeds arising therefrom, whether as a result of the sale, exchange, collection or other disposition of any of the Collateral, or otherwise.

2. This Security Agreement is made as security for the payment by the Borrower to Secured Party of Borrower's indebtedness pursuant to the Note.

3. Borrower hereby represents and warrants to Secured Party that the property covered by this Security Agreement is lawfully in Borrower's possession, is now free from all liens and encumbrances other than this security interest and a security interest in favor of such party(ies) listed on Exhibit A attached hereto.

4. Borrower may sell and install the Inventory in the regular course of business, provided however, that he shall replenish said Inventory so sold and installed, and shall at all times maintain said Inventory to substantially the same amount that presently exist.

5. Borrower represents and warrants that all Collateral shall be kept within the state where its Franchised Business is located. Borrower shall promptly notify Secured Party in writing of any change in Borrower's address or use of any other names under which it is doing business.

6. Borrower further covenants and agrees as follows:

(a) To keep the Collateral insured against loss and damage by fire and other casualty at least to the extent of their book value, for the benefit of Secured Party in such form and in such insurance company as Secured Party shall reasonably approve, said policies to name

Secured Party as co-insured, and that in default thereof, Secured Party may effect such insurance, and the sum so paid for that purpose with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(b) It is understood that any loss, injury or destruction of the Collateral shall be at the risk of Borrower and shall not release the Borrower from any obligation hereunder.

(c) To use the Collateral with reasonable care, skill and caution, and not to permit the same to be damaged, injured or depreciated; not to encumber or permit any encumbrance or lien of any character against the Collateral; not to use the Collateral in violation of any law; not to waste or destroy the Collateral or to suffer it or any part thereof to be attached or taken on execution or other process.

(d) To make and file all statements required by law and to pay all fees, taxes, assessments and charges of any nature that may be levied against or in connection with the Collateral, this instrument, or the indebtedness secured hereby and to keep this Security Agreement in full force and effect until said debt is paid. In the event the Borrower shall neglect or fail to pay said expense, Secured Party may pay them, and all sums of money so expended with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(e) Borrower shall pay to Secured Party all expenses incurred by Secured Party in enforcing any of the provisions hereof, including but not limited to, costs of collecting the debt secured hereby, and all such expenses shall be deemed a part of the debt secured hereby.

(f) To defend the Collateral against the claims of all persons.

(g) It is understood and agreed that the Collateral is, and shall continue to remain, personal property, and that Borrower shall not change or alter or act upon or permit any change, alteration or action upon which the Collateral would change its character as personal property.

(h) That the said Equipment shall not be sold, mortgaged, conveyed or disposed of in any way without the prior written consent of Secured Party unless Borrower has replaced such Equipment with equipment of equal or greater value.

(i) At the request of Secured Party, Borrower will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements and other documents.

7. This Security Agreement may be assigned, negotiated, and/or transferred by Secured Party, without notice to Borrower, and when assigned, negotiated and/or transferred shall be free from any defense, counterclaim or cross-complaint by Borrower.

8. No transfer, renewal, extension, modification or assignment of this Security Agreement, or any interest hereunder, nor the failure of Secured Party to enforce any provision

hereof, shall operate or be construed as a waiver by Secured Party of the strict performance of the covenants and conditions of this Security Agreement by Borrower.

9. Time is of the essence of this Security Agreement.

10. Any one or more of the following shall constitute a default under this Security Agreement: (a) a default by Borrower of this Security Agreement or any of its obligations hereunder; (b) a default by Borrower under any other agreement or contract between Secured Party and Borrower, or Franchisor and Borrower; (c) the insolvency of Borrower or Borrower's cessation of the business as a going concern or a petition in bankruptcy by or against Borrower; (d) in the event of the existence of a lien upon or the sequestration or attachment of any property in the possession of Borrower; (e) an assignment for the benefit of creditors by Borrower; (f) disposal by Borrower of more than ten percent (10%) of its assets other than in the regular course of its operation of the Franchised Business, or (if a corporate entity) a change of ownership of ten percent (10%) or more of the shares of capital stock of Borrower to other than an existing shareholder; or (g) if Secured Party shall, at any time, reasonably deem the security afforded by this Security Agreement unsafe or at any risk. In the event of any such default, the full amount of the aforesaid debt shall become immediately due and payable at the option of Secured Party; and it shall then be lawful for Secured Party (and Borrower hereby so authorizes and empowers it) without notice or demand and without legal process, to take immediate possession of the Collateral and for that purpose to enter upon any premises where the same or any part thereof may be and to remove the same therefrom; and Secured Party shall not thereby be liable for damages for trespass or subject to suit of any kind.

11. Borrower acknowledges and agrees that upon any such default as aforesaid and to the extent permitted by law, (a) Secured Party may, without notice to Borrower sell the Collateral and all equity of redemption of Borrower therein without legal procedure and without demand for performance, either at public or private sale, and in such county and at such place as Secured Party may elect without having the said property at the place of sale; and, (b) Secured Party may purchase said property or any part thereof at any such sale, and that out of the moneys arising from said sale, Secured Party may retain all sums secured by this Security Agreement, whether then or thereafter payable, including all costs, charges and expenses incurred by Secured Party in effecting such sale or otherwise in relation to the said property, rendering the surplus, if any, to Borrower. If a deficiency occurs, Borrower agrees to pay such deficiency forthwith, together with a reasonable attorneys' fee for the recovery thereof if an attorneys' fee is incurred by Secured Party.

12. Borrower authorizes any attorney to appear in any court of record of the United States and to confess judgment in the amount of the deficiency against Borrower and in favor of Secured Party, and Borrower hereby waives service of process and any right of appeal.

13. **BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION (INCLUDING STATUTORY AND EMERGENCY STATUTORY ACTIONS), PROCEEDING OR COUNTERCLAIM ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY AGREEMENT OR CONTRACT BETWEEN BORROWER AND SECURED PARTY, THEIR RELATIONSHIP, NON-PAYMENT OF ANY PAYMENT(S) REQUIRED OF BORROWER TO BE PAID TO SECURED PARTY, AND NON-MONETARY DEFAULT(S) OF BORROWER.**

14. Borrower waives the right to remove any legal action from the court originally acquiring jurisdiction and waives all homestead and other property exemption laws.

15. If any provision of this Security Agreement shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Security Agreement without any effect upon the validity or enforceability of any other provisions of this Security Agreement.

16. All rights and remedies of Secured Party hereunder are cumulative and not alternative. Any remedies herein provided shall be in addition to any other remedy available to Secured Party at law or in equity.

17. The failure of Secured Party to enforce any one or more of the terms and conditions of this Security Agreement will not be deemed a waiver of such terms or conditions or of Secured Party's rights thereafter to enforce each and every terms and conditions of this Security Agreement.

18. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Secured Party.

19. This Security Agreement shall bind Borrower and the heirs, legal representatives, successors and/or assigns of Borrower and shall inure to the benefit of Secured Party and the successors and/or assigns of Secured Party. If Secured Party assigns its interest herein, its assignee shall take free of any defense, counterclaim or cross-complaint Borrower may have against Secured Party.

20. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

21. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

22. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

23. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matter arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

24. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

25. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

26. Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Security Agreement shall affect or release the joint and several liability of any other person or party to this Security Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed this Security Agreement on the day and year first above written.

BORROWER:

_____

By:_____
Name:_____
Title:_____

Address:_____

_____

If Borrower is an individual:

_____
Signature

_____
Name

Address:_____

_____

Exhibit A to Security Agreement

Permitted Liens

EXHIBIT G

TELEPHONE NUMBER ASSUMPTION AGREEMENT

TELEPHONE NUMBER ASSUMPTION AGREEMENT

_____
(Name of Telephone Company)

_____
(Address)

_____

TRANSFER OF SERVICE AGREEMENT

In the event my Pool Scouts Franchise is discontinued for any reason, I hereby release the use of the following telephone number(s): _____ which were used in conjunction with said Franchise to Pool Scouts, or its designee.

_____ _____
Date Present Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said
_____
on the _____day of _____, 20___.

_____
Notary Public, State of _____

****

I hereby assume and agree to pay all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

_____ _____
Date New Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said
_____
on the _____day of _____, 20___.

_____
Notary Public, State of _____

EXHIBIT H-1

TRANSFER AND RELEASE AGREEMENT

TRANSFER AND RELEASE AGREEMENT
(Franchise)

This **TRANSFER AND RELEASE AGREEMENT** (the "Agreement") is made and entered into on this _____ day of _____, 20___, by and among POOL SCOUTS FRANCHISING, LLC ("Franchisor"), _____ ("Franchisee") and _____ ("Transferee").

WITNESSETH

WHEREAS, Franchisor and Franchisee entered into that certain Franchise Agreement, dated DATE (the "Franchise Agreement") for the operation of a Pool Scouts franchise (the "Franchised Business");

WHEREAS, NAME and NAME (collectively, the "Guarantors") have guaranteed the obligations of Franchisee under the Franchise Agreement;

WHEREAS, Franchisee notified Franchisor of Franchisee's desire to transfer to Transferee all right, title, and interest held by Franchisee, in and to the Franchised Business and Franchise Agreement and, therefore, has requested that Franchisor consent to the transfer thereof to Transferee pursuant to Section 13 of the Franchise Agreement; and

WHEREAS, Franchisor is willing to waive its right of first refusal and to grant its consent to the proposed transfer of the Franchise Agreement, subject to the terms and conditions set forth herein.

AGREEMENT

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

1. Consent to Transfer. Franchisor hereby waives its right of first refusal under the Franchise Agreement and consents to the transfer by Franchisee to Transferee of all of Franchisee's right, title, and interest in and to the Franchised Business. The foregoing waiver and consent is subject to and made in reliance upon the following terms, conditions, representations, and warranties:

(a) Franchisee and Transferee represent, warrant, and agree that, subject to Franchisor's consent, Franchisee has transferred to Transferee all of Franchisee's right, title, and interest in and to the Franchised Business, and that all legal actions necessary to effect such transfer have been accomplished.

(b) Transferee must execute Franchisor's current form of franchise agreement and its principles must personally assume and be bound by all of the terms, covenants and conditions contained therein.

(c) Payment by Franchisee to Franchisor, in a manner satisfactory to Franchisor, of all accrued monetary obligations, including, but not limited to, all obligations pursuant to the Franchise Agreement.

(d) Payment by Franchisee to Franchisor's affiliates, in a manner satisfactory to Franchisor's affiliates, of all accrued monetary obligations owed to such affiliates pursuant to any agreement or arrangement between Franchisee and such affiliate(s).

(e) Franchisee and Transferee acknowledge and agree that all obligations owed by either of them to Franchisor and/or its affiliates must be resolved to Franchisor's satisfaction as a condition of Franchisor's execution of this Agreement and the transfer of the Franchise Agreement.

(f) Franchisee acknowledges and agrees that, notwithstanding the terms of this Agreement, Franchisee will comply with all of the requirements of the Franchise Agreement, which, by their nature, are intended to survive the termination or expiration of said Franchise Agreement, including, but not limited to, the covenants against competition and against disclosure of confidential information as specified therein.

2. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement. In no way limiting, but in furtherance of the foregoing, each of Franchisee and each Guarantor shall execute and deliver to Franchisor a General Release in the form attached hereto as Exhibit A. Franchisee hereby covenants not to sue Franchisor for any of the claims hereby released.

3. No Participation. Franchisee and Transferee acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with the transfer contemplated by this Agreement or the transaction between Franchisee and Transferee. Franchisor assumes no obligations in that regard.

4. Terms. All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions, and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents.

5. No Other Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement, territory or franchise not specifically identified herein. Such consent must be separately granted by the written agreement of Franchisor.

6. Severability. If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Section, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

7. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

8. Waiver. The failure by Franchisor to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of Franchisor's rights thereafter to enforce each and every term and condition of this Agreement.

9. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

10. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

11. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein without the express prior written consent of Franchisor.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

13. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflicts of law rules or provisions.

14. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that all claims in respect of the action or proceeding must be brought exclusively in such courts.

15. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

16. Indemnification. Each of Franchisee and Transferee agree to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, any breach by Franchisee or Transferee, respectively, of any provisions of this Agreement.

17. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

18. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly signed by the parties hereto as indicated and shall be effective as of the date it is executed by Franchisor.

FRANCHISOR:

POOL SCOUTS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Address: _____
_____

By: _____
Name: _____
Title: _____
Address: _____
_____

TRANSFEREE:

_____

By: _____
Name: _____
Title: _____

SEEN AND AGREED:

Each Guarantor acknowledges and agrees that it shall be bound by the provisions of Sections 2, 13, 14, 15 and 16 of this Agreement.

Signature: _____
Name: _____

Signature: _____
Name: _____

Signature: _____
Name: _____

EXHIBIT A TO TRANSFER AND RELEASE AGREEMENT

GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with Pool Scouts Franchising, LLC ("Pool Scouts") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges Pool Scouts and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____

EXHIBIT H-2

COMMISSION AGREEMENT

COMMISSION AGREEMENT

THIS COMMISSION AGREEMENT is made this day of _____, 20__ (the "Effective Date") by and between POOL SCOUTS FRANCHISING, LLC ("Pool Scouts" or "Franchisor") and FRANCHISEE NAME(s) (the "Franchisee").

WHEREAS, Pool Scouts granted to Franchisee, pursuant to a Franchise Agreement dated DATE ("Franchise Agreement"), the right to operate a Pool Scouts franchise according to the terms and conditions contained in the Franchise Agreement for the Franchise Territory listed on Exhibit A attached hereto ("Franchised Business"); and

WHEREAS, Franchisee owns certain assets described on Exhibit B attached hereto ("Assets") which Franchisee uses or are otherwise useful in the Franchised Business; and

WHEREAS, Franchisee requests that Pool Scouts assist and, if possible, facilitate the conveyance of the Franchised Business to a Potential Purchaser (as defined below); and

[If applicable: WHEREAS, as of the Effective Date, Franchisee owes Pool Scouts and/or its affiliates the amount of $_____ for royalties, product and service, and other fees (the "Past Due Amounts").]

THEREFORE, for good and valuable consideration, Franchisee and Pool Scouts agree as follows:

1. Engagement. Franchisee hereby engages Franchisor to use reasonable efforts to assist in identifying and presenting to Franchisee a suitable candidate ("Potential Purchaser") to purchase the Franchised Business from the Franchisee.

2. Listing Price and Terms. Franchisee has determined that the listing price for the Franchised Business shall be $____ (the "Listing Price"). Franchisee hereby authorizes Franchisor to publish such Listing Price to each Potential Purchaser and to provide Potential Purchaser the information and additional terms as determined by Franchisee and set forth on Exhibit C attached hereto.

3. Commission. In the event that Pool Scouts identifies and presents a Potential Purchaser who purchases the Franchised Business, Franchisee shall to pay to Pool Scouts a commission in the amount of _____ of the total purchase price (the "Commission"), subject to a minimum Commission payment of $_____ per Territory (the "Minimum Commission"). The amount of the Commission may be increased by Pool Scouts to pay referral fees to independent franchise brokers (as of the Effective Date, $10,000) if a franchise broker identifies the Potential Purchaser who purchases the Franchised Business. Franchisee shall pay to Pool Scouts the greater of the Commission or the Minimum Commission at the closing of the sale of Franchisee's Franchised Business. Franchisee grants to Pool Scouts a security interest in the proceeds of the closing to secure the payment by Franchisee of the Commission. The Commission is independent of, and in addition to any transfer fee due to Pool Scouts from Franchisee[, the Past Due Amounts,] and any other amounts owed by Franchisee to Pool Scouts and/or its affiliates. [If applicable: Franchisee shall pay to Pool Scouts all Past Due Amounts at the closing of the sale of Franchisee's

Franchised Business, if such amounts have not otherwise being paid by Franchisee in advance of such closing.] [Optional: Pool Scouts agrees to waive the transfer fee otherwise due and payable pursuant to the Franchise Agreement.]

4. Representations and Warranties. Franchisee acknowledges that it has supplied and/or determined all of the listing information, including but not limited to the information provided herein, and represents and warrants to Pool Scouts that such information is true and correct.

5. Disclaimer. Franchisee acknowledges and agrees that Pool Scouts has not made and does not make any representations, warranties, or guaranties regarding Pool Scout's, or any franchise broker's, ability to assist in or facilitate the conveyance of the Franchised Business, or identify or secure a Potential Purchaser, or obtain Franchisee's requested or desired purchase price or other terms.

6. Franchisee's Obligations. Nothing contained herein releases Franchisee from, or obviates the need for Franchisee to, continue to market the Franchised Business, and Franchisee hereby agrees that it shall market the Franchised Business for sale to Potential Purchasers. Franchisee shall continue to operate the Franchised Business in full compliance with the Franchise Agreement, notwithstanding its desire to sell the Franchised Business.

7. Reaffirmation. This Agreement does not modify the Franchise Agreement, which Franchisee hereby affirms in its entirety and agrees is legally binding and enforceable.

8. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement.

9. Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, Franchisee's breach of any provisions of this Agreement.

10. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11. Fees. All legal and accounting costs and other expenses incurred by each party in connection with this Agreement and the transaction contemplated herein shall be paid by the party that incurs the expenses.

12. Governing Laws; Venue and Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of laws provisions. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

14. Severability. In case any provision(s) hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

15. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

16. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Franchisor.

17. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

18. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

19. Term. The term of this Agreement commences upon the Effective Date and expires upon the first to occur of _____ or the date the Franchise Agreement expires or is otherwise terminated.

20. Authority. If Franchisee is a partnership, corporation or other entity, the person signing on behalf of Franchisee hereby represents and warrants that he or she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and to bind, Franchisee.

IN WITNESS HEREOF, the parties to this Agreement duly execute and seal it.

POOL SCOUTS FRANCHISING, LLC	Franchisee: _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
	Address: _____
	_____

Exhibit A
to
Commission Agreement

Territory(ies)

The Franchise Territory(ies) is/are as follows:

TID NAME: ZIP CODES

Exhibit B
to
Commission Agreement

Assets

List of Furniture, Fixtures, Supplies and Equipment:

Exhibit C
to
Commission Agreement

Listing Price and Other Terms

Listing Price: $_____

Base Monthly Rent: $_____ Lease Expiration Date: _____

Options:_____ Security Deposit:_____

Landlord:_____ Phone:_____

Good Faith Deposit: $_____

Franchisee Financing: Y/N

Additional Terms:_____

EXHIBIT H-3

ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), dated as of _____, 20__, is entered into by and among _____ ("Seller"), _____ ("Buyer") and _____ ("Agent").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement (the "Purchase Agreement") dated as of _____, 20__, pursuant to which Buyer will purchase certain assets of Seller (the "Transactions"); and

WHEREAS, pursuant to the terms of the Purchase Agreement, Buyer must pay to Seller the purchase price of _____ and ___/100 Dollars ($_____.00) (the "Purchase Price").

WHEREAS, Seller has requested that Buyer pay the Purchase Price to Agent for disbursement, and Buyer has agreed to such request.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Establishment of Escrow. In connection with the closing of the Transactions, Buyer shall remit the Purchase Price to Agent pursuant to the wiring instructions attached hereto. Upon receipt of the Purchase Price by Agent, each of Seller and Buyer confirms that the Transaction has closed and that Agent is authorized to disburse.

2. Delivery; Instructions. Upon receipt of the Purchase Price, Agent shall disburse the Purchase Price pursuant to the written instructions delivered by Seller to Agent. Seller represents and warrants to Agent that Agent may rely solely upon the instructions of Seller, including, but not limited to, the amount and manner of disbursement. Agent shall not be required to inquire into the content of any written instructions received from Seller, nor the capacity of any party who executed or is purported to have executed the same, and Agent may (but shall not be required to), without making any inquiry or investigation whatsoever, conclusively accept as valid and correct, and may conclusively rely upon, any written instructions received by him in connection herewith from any person hereto, as being genuine, properly executed by the person or persons whose signatures purportedly appear thereon and correct as to any and all facts stated therein. Upon delivery of the Purchase Price in accordance with this Section 2, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Purchase Price or any portion thereof so delivered.

3. Contradictory Instructions or Disputes. Buyer acknowledges and agrees that it shall not contest or dispute Seller's written instructions delivered to Agent, or deliver any contradictory instructions to Agent. In the event (i) Agent shall receive contradictory instructions from Buyer, (ii) there is any dispute between Buyer and Seller with respect to any matter arising under this Agreement, or (iii) there shall be any uncertainty as to the meaning or the applicability of any of the provisions hereof or any written instructions received by Agent pursuant hereto, at its option and at any time thereafter, Agent may deposit the Deposit including with any court in the

Commonwealth of Virginia having appropriate jurisdiction or take such affirmative steps as it may elect in order to substitute an impartial party acceptable to Buyer and Seller to hold the Purchase Price or any portion thereof, as applicable. Upon making such deposit, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Deposit or any portion thereof so deposited.

4. Acts or Omissions. Buyer and Seller recognize and acknowledge that Agent is serving as escrow agent hereunder solely as an accommodation to and for the benefit of both Buyer and Seller, and they each agree that Agent shall not be liable to either of them for any act or omission hereunder or any matter or thing arising out of his conduct hereunder, except for his willful misfeasance or gross negligence.

5. Notices. All notices, certificates and other communications permitted or required between the parties hereto shall be in writing and shall be sent by hand delivery or by certified mail, return receipt requested. Each party shall promptly notify the other parties of any change in its address by notice given as provided in this paragraph. Copies of all notices, certificates or other communications relating to this Agreement shall be sent to all parties hereto in the manner hereinabove set forth.

6. Binding Effect. This Agreement shall be binding on all parties and may not be modified or amended orally, but only in a writing signed by all parties hereto.

7. Authenticity. Agent shall be entitled to assume the authenticity of any signature and the genuineness and/or validity or any writing received by him from any party hereto.

8. Resignation or Substitution of Agent. Agent may resign as escrow agent by giving each party hereto thirty (30) days' advance written notice and, upon such resignation, Agent shall have no further obligation or liability under this Agreement. Upon the resignation, removal or death of Agent, Buyer and Seller may appoint a substitute escrow agent.

9. Applicable Law. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. Buyer and Seller hereby submit to personal jurisdiction in the Commonwealth of Virginia for all matters, if any, which shall arise with respect to this Agreement, and waive any and all rights under the laws of any other state or country to object to jurisdiction within the Commonwealth of Virginia or to institute a claim of *forum non conveniens* with respect to any court in the Commonwealth of Virginia for the purposes of litigation with respect to this Agreement.

10. Recognition of Agent's Relationship with Franchisor. Each of Seller and Buyer acknowledge and agree that (a) Agent has agreed to serve as escrow agent solely at the request of Seller and Buyer and for the convenience of Seller and Buyer, (b) Agent does not represent either Seller or Buyer with respect to the Transaction or otherwise, and (c) Agent acts, and may continue to act, as counsel to Pool Scouts Franchising, LLC, whether or not the Purchase Price is being held by it or have been delivered to a substitute impartial party or to a court of competent jurisdiction.

IN WITNESS WHEREOF, each of the parties hereto has affixed his signature and seal.

SELLER:

_____

By: _____
Name: _____
Title: _____

BUYER:

_____

By: _____
Name: _____
Title: _____

I hereby acknowledge receipt of the Purchase Price referred to above and agree to hold, administer and distribute the same in accordance with all of the terms and provisions of this Agreement.

AGENT:

_____
a _____

By: _____

SEEN AND AGREED:

POOL SCOUTS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

Exhibit A
to
Escrow Agreement

Wiring Instructions

EXHIBIT I

GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with Pool Scouts Franchising, LLC ("Pool Scouts") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges Pool Scouts and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____

EXHIBIT J

OPERATIONS MANUAL TABLE OF CONTENTS

Section	Pages
Section 1 – Introduction	6
Section 2 – Steps to Starting Out	10
Section 3 – Policies, Fees, Compliance	12
Section 4 – Pool Industry	47
Section 5 – Sales and Customer Service	19
Section 6 – Field Operations	21
Section 7 – Marketing	32
Section 8 – Business Functions	5
Section 9 – Human Resource Management	2
Section 10 – Systems Overview	7
Appendix 1-Operations	29
Appendix 2-Marketing	6
TOTAL:	213

EXHIBIT K

LIST OF FRANCHISEES
(As of December 31, 2022)

Current Franchisees as of December 31, 2021

*Denotes an Area Developer.

Owner Name (# of Units under Signed Franchise Agreements)	Entity Name	Address	City	State	Zip	Phone
Alabama						
Rontario Hicks (1)	Individual	4800 Whitesburg Drive #30-408	Huntsville	AL	35802	254-319-6556
Arizona						
Dan Jones* (1)	Sonora Sky Solutions, LLC	8579 E Nightingale Star Drive	Scottsdale	AZ	85266	913-486-5308
Preston and Heather Gilbert* (2)	Individuals	3048 S Fairway Drive	Tempe	AZ	85282	208-809-8900
Dawn Clark (1)*	Happy Time Pools, LLC	7447 W. Trails Drive	Glendale	AZ	85308	602-848-2018
Connecticut						
Charlie and Kusuma Hook	Point Bee, Inc.	40 Bull Hill Road	Malborough	CT	06447	860-999-1763
Florida						
Jerry Motley* (2)	Motley Enterprises, Inc.	205 Waterwood Lane	St. Augustine	FL	32095	904-671-0440
Chris McNeillie* (1)	Individual	3011 SE 15th Placer	Cape Coral	FL	33904	239-448-3400
Krstine Larsh and Catherine Richard* (1)	Individuals	248 SE Santa Barbara PL	Cape Coral	FL	33990	239-893-3921
Omar Sanchez and Albert Sardina* (2)	SGS Investments and Holdings, LLC	13217 SW 131 Street	Miami	FL	33186	305-915-4893
Joe Golio (4)	J & L Clean Pools, LLC	2103 Anita Ave S.	Lehigh	FL	33976	239-851-0697
Francisco Vergara (1)	Ethercom Global Communications	153 Heron Hideaway Circle	Winter Garden	FL	34787	305-922--3308
Cobia Gould and Marla Purvis (1)	PurGo Hydrus, LLC	2557 Eclipse Lane	Pensacola	FL	32514	702-326-9831
Gissel Ellington (1)	GIS, LLC	10273 Allegro Avenue	Boca Raton	FL	33428	561-654-9046
Jim Stepnoski*(1)	Stepnoski Enterprises, Inc.	435 Indian Bay Blvd	Merritt Island	FL	32953	571-236-7285
Georgia						
Allan Young (3)	FranPool, LLC	1429 Lucile Avenue SE, Bldg. 900, Suite 104	Marietta	GA	30067	804-931-1698

Owner Name (# of Units under Signed Franchise Agreements)	Entity Name	Address	City	State	Zip	Phone
David McConnell (1)	DK Ranch Services Corp.	345 Jim Starr Drive	Newnan	GA	30263	713-409-1213
Idaho						
Matt Hollis (1)	Harrison Hollis Enterprises LLC	5389 N Toscana Ave	Meridian	ID	83646	707-694-3510
Kansas						
Gerry and Kendra Garwood (1)	G5 Ventures LLC	3607 West 83rd Terrace	Prairie Village	KS	66206	816-522-0063
Maryland						
Clarence Herry (1)	Urbani Integrated Solutions, LLC	1408 Occoquan Heights Court	Occoquan	VA	22125	617-834-2641
Michigan						
Nilay Vyas* (1)	VYAS Services Group	4817 Shellbark Drive	Ypsilanti	MI	48197	734-821-8982
Nora Farhat and Ahmad Elharake (1)	Pool Group, LLC	601 S. Melborn	Dearborn	MI	48127	313-752-0662
North Carolina						
Tiffiny Consoli (2)	Spruzzo LLC	3600 Deerwood PL	Raleigh	NC	27607	919-851-6070
Jeff Horn (2)	Individuals	2120 N. Brevard Street	Charlotte	NC	28206	704-912-0515
Tim Burke (2)	Individual	2024 Independence Commerce Drive	Matthews	NC	28105	980-443-2010
Rob Good and Jacob Ivey (1)	Coastal Carolina Pools, LLC	3101 Kirby Smith Drive	Wilmington	NC	28409	910-465-2345
Jeremy Godfrey*(1)	PurAgua, LLC	5042 Carriage Trail Court	Kernersville	NC	27284	336-510-0170
Ohio						
Heather Pontius* (1)	Pool Perfect, Inc.	694 Green Forest Place	Lithopolis	NC	43136	614-565-7715
South Carolina						
Raymond Marinaccio* (2)	RayJan, Inc.	14 Old Fort Drive	Hilton Head	SC	29926	914-260-9509
Tennessee						
Brian Seeliger*(1)	Individual	9395 Clovercroft Road	Franklin	TN	37076	615-426-2400
Amanda and Dennis Evans *(2)	Freedom Home Services, LLC	1736 Elk River Drive	Collierville	TN	38017	901-842-1747
Texas						
John Breton (6)	Team Breton Enterprises, Inc.	900 W Lamar Street	McKinney	TX	75064	678-523-5342
Jason Richardson and Michael Luckey* (1)	Individuals	1821 Trinidad Lane	Allen	TX	75013	214-924-9257

Owner Name (# of Units under Signed Franchise Agreements)	Entity Name	Address	City	State	Zip	Phone
Teri Rowe (2)	RSG Oasis Enterprise, LLC	3050 Tamarron Blvd #4207	Austin	TX	78746	512-831-5595
Brent Berridge (4)	Stuart Road Corporation	4915 Applewood Crest Lane	Rosharon	TX	77583	989-859-9556
Mike Brown *(2)	Venture South	24434 Sandusky Drive	Tomball	TX	77375	832-264-6220
Curtis Boyden* (2)	Individual	6828 Pascal Way	Fort Worth	TX	76137	817-372-8896
Laura Urgell and Pablo Bloise (1)	Bitter & Sweet Mates LLC	2213 Prestwick Avenue	Trophy Club	TX	76262	469-794-7301
Matt and Kaylen Tiefenbrunn* (1)	Individuals	908 Yorkhouse Court	Rockwall	TX	75032	573-680-1930
Jeremy Eastburn and Steven Saldaña* (2)	PME Enterprises	768 Mayhill Ridge Lane	League City	TX	77573	832-580-2254
Steve and Michelle Stern* (2)	Individuals	6151 Oriole Drive	Dallas	TX	75209	214-403-7409
Scott Scheibe (1)	Dynamic Pool Services, LLC	208 Birkshire Drive	Georgetown	TX	78626	512-264-4274
Utah						
Brent and Stephanie McAllister (1)	Individuals	1345 W. 3420 North	Pleasant Grove	UT	84062	801-400-9248
Virginia						
Chris Webb *(1)	Pristine Pools, LLC	11912 Crosswind Ct.	Reston	VA	20194	571-762-0494
Jonathan Walker (1)	Walker Services of Midlothian LLC	14404 Clipper Court	Midlothian	VA	23112	804-840-1729

List of Franchisees with Unopened Outlets as of December 31, 2022
*Denotes an Area Developer.

Owner Name (# of Units under Signed Franchise Agreements)	Entity Name	Address	City	State	Zip	Phone
Florida						
Maria Gabriela Mazzei and Pablo Javier Sancho (1)	EMJUS LLC	Perito Moreno 498 Ing. Maschwitz	Buenos Aires	Argentina		549-11-5667-5258
Ezequiel Palma (1)	Individual	Miguel Cane 1382 San Isidro	Buenos Aires	Argentina		549-112-625-7235
Roberto and Rodolfo Tavares (1)	Bonaldi & Tavares LLC	9000 Rhodes Street	Kissimmee	FL	34747	407-570-3524
Omar Sanchez and Albert Sardina (3)	SGS Investments and Holdings, LLC	13217 SW 131 Street	Miami	FL	33186	305-915-4893
Illinois						
Samantha Bankmann (1)	Bankmann Corp.	2243 W Roscoe St. Unit 1	Chicago	IL	60618	502-417-9383
Missouri						
Gerry and Kendra Garwood (1)	G5 Ventures LLC	3607 West 83rd Terrace	Prairie Village	KS	66206	816-522-0063
Texas						
Jose Francisco Ramirez Alberto Anzures Sainz* (1)	Individuals	TBD	Houston	TX	77084	311585585 (Mexico)

FORMER FRANCHISEES
(as of December 31, 2022)

List of Former Franchisees

The name and last known address of every franchisee who had a Franchise transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Owner Name (# of Units Previously Open)	Entity Name	Address	City	State	Zip	Phone
Mark Oliver (1)	MNM Pool Service Inc.	9322 Jan Glen Lane	Spring	TX	77389	361-207-1576
David Muirhead* (1)	DLM Pool Services LLC	9622 Branchview Court	Manassas	VA	20110	703-314-8839
Michael Paratore (1)	WaveTree Ventures LLC	1213 Culbreth Drive	Wilmington	NC	28405	610-283-4535
Lazara Ors* (1)	Ors Pool Service Inc.	4309 Saltwater Blvd	Tampa	FL	33615	305-903-2541
Dan Jones* (2)	Sonora Sky Solutions, LLC	8579 E Nightingale Star Drive	Scottsdale	AZ	85266	913-486-5308
Steven Kaspar* (2)	Eagle Home Services, LLC	4880 Normandy Lane	Memphis	TN	38117	901-842-1747
Amy Crain and Randy Kuhnell (1)	Vandalay Industries, LLC	5023 Skylark Court	Pensacola	FL	32505	850-232-8298
Matt Smith (2)	Fibonacci Holdings, LLC	2105 Pennsylvania Avenue	Austin	TX	78708	402-215-6288
Aaron Hurtado* (2)	Dynamic Pool & Spa Care, LLC	22226 Weller Oaks Drive	Spring	TX	77389	832-381-7496

EXHIBIT L

LIST OF AFFILIATE-OWNED BUSINESSES
(As of December 31, 2022)

Company-owned Business:

Pool Scouts Local Operations, LLC (2 units)
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253

EXHIBIT M-1

Franchise Disclosure Questionnaire

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Pool Scouts Franchising, LLC ("**we**," "**us**" or the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Pool Scouts franchise ("**Franchised Business**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

   Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20___.

3. Have you received the Franchise Agreement, each addendum, and/or related agreement provided to you?

   Yes _____ No _____

4. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

5. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

6. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

   _____

If you have answered Yes to any one of questions 4-5, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered No to each of questions 4-5, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

Sign here if you are taking the franchise as an INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT M-2

Confidentiality and Non-Disclosure Agreement

With respect to determining the feasibility of purchasing a Pool Scouts franchise, we are prepared to provide you with certain financial, business, marketing, and operational information concerning the Pool Scouts franchise opportunity (referred to as the "Information).

We provide you this Information with your explicit understanding and agreement that you recognize and agree that this Information is confidential and valuable and constitutes special and unique proprietary rights and assets of Pool Scouts Franchising, LLC. In accepting this Information, you agree that you will not, either before, during, or after the termination of the relationship with Pool Scouts Franchising, LLC, disclose, directly or indirectly, this Information to any third person, or make use of it yourself. You further agree to maintain the confidentiality of any and all information relative to Pool Scouts Franchising, LLC business, affairs, policies, methods, services, customers, or associates, which we provide to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

You further agree that access to this Information will be restricted to those persons who are directly engaged in this analysis, investigation, and/or negotiations with respect to Pool Scouts Franchising, LLC and the Pool Scouts franchise opportunity.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to Pool Scouts Franchising, LLC.

Use of any of the Information by you, in connection with any other business, whether competitive with our System or not, violates this Confidentiality and Non-Disclosure Agreement

You acknowledge, by your signature below, that you agree to the conditions of this Confidentiality and Non-Disclosure Agreement, as stated above.

ACKNOWLEDGED:

By:_____ Date: _____
Signature

By: _____ Date: _____
Signature

EXHIBIT N

FINANCIAL STATEMENTS

POOL SCOUTS FRANCHISING, LLC

FINANCIAL REPORT

December 31, 2022 and 2021

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance sheets	3 - 4
Statements of operations	5
Statements of changes in member's (deficit) equity	6
Statements of cash flows	7 - 8
Notes to financial statements	9 - 14

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Buzz Franchise Brands, LLC, sole member of **Pool Scouts Franchising, LLC**
Virginia Beach, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Pool Scouts Franchising, LLC**, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's (deficit) equity, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Pool Scouts Franchising, LLC** as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of **Pool Scouts Franchising, 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 **Pool Scouts Franchising, LLC's** ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

CONFIDENCE | COLLABORATION | COMMITMENT
P: 757.625.4700 F: 757.625.0527 www.wec.cpa
150 West Main Street, Suite 1200 Norfolk, Virginia 23510
Independently Owned Member of CPAmerica International
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Other Information Included in the Franchise Disclosure Document

Management is responsible for the other information included in the Franchise Disclosure Document. The other information comprises Items 1 – 20, 22 – 23, and exhibits included in the Franchise Disclosure Document, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Norfolk, Virginia
March 15, 2023

Ward, Einhard & Chenault, P.C.

POOL SCOUTS FRANCHISING, LLC

BALANCE SHEETS

December 31, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 147,794	$ 371,791
Restricted	67,754	96,274
Accounts receivable	92,293	53,117
Prepaid expenses	11,550	7,756
Contract assets, current portion	100,500	63,300
Total current assets	419,891	592,238
PROPERTY AND EQUIPMENT		
Computers	9,094	6,286
Furniture and equipment	46,594	46,594
	55,688	52,880
Less accumulated depreciation	49,233	47,589
Net property and equipment	6,455	5,291
OTHER ASSETS		
Website development costs, net of accumulated amortization 2022 $28,550; 2021 $27,050	3,500	5,000
Contract assets, net of current portion	859,875	776,350
Note receivable	5,000	-
Total other assets	868,375	781,350
Total assets	$ 1,294,721	$ 1,378,879

See Independent Auditor's Report and Notes to Financial Statements.

POOL SCOUTS FRANCHISING, LLC

BALANCE SHEETS (CONTINUED)

December 31, 2022 and 2021

LIABILITIES AND MEMBER'S DEFICIT	2022	2021
CURRENT LIABILITIES		
Accounts payable	$ 63,006	$ 32,261
Deferred revenue	47,754	78,336
Contract liabilities, current portion	158,579	122,894
Due to member	10,066	7,147
Accrued expenses	97,240	73,552
Total current liabilities	376,645	314,190
LONG-TERM LIABILITIES		
Contract liabilities, net of current portion	1,162,308	1,188,448
MEMBER'S DEFICIT	(244,232)	(123,759)
Total liabilities and member's deficit	$ 1,294,721	$ 1,378,879

See Independent Auditor's Report and Notes to Financial Statements.

POOL SCOUTS FRANCHISING, LLC

STATEMENTS OF OPERATIONS

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenues:			
Franchise fees and area development fees, net of discounts and territory repurchases	$ 242,303	$ 87,914	$ 62,890
Royalty, marketing and service fees	1,401,248	759,632	395,871
Total revenue	1,643,551	847,546	458,761
Operating expenses:			
Selling and marketing	723,473	479,393	288,914
General and administrative	1,405,956	983,160	614,056
Depreciation and amortization	3,144	2,945	15,534
Total operating expenses	2,132,573	1,465,498	918,504
Net loss from operations	(489,022)	(617,952)	(459,743)
Other income (expense):			
Other income	57,781	22,646	4,809
Gain on disposal of property and equipment	-	-	466
Corporate owned territory income, net of expense	-	-	(31,616)
Loss on disposal of repurchased territories	-	-	(88,662)
Total other income (expense)	57,781	22,646	(115,003)
Net loss	$ (431,241)	$ (595,306)	$ (574,746)

See Independent Auditor's Report and Notes to Financial Statements.

POOL SCOUTS FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT) EQUITY

Years Ended December 31, 2022, 2021 and 2020

Balance, January 1, 2020	$ 910,998
Contributions	449,922
Net loss	(574,746)
Balance, December 31, 2020	786,174
Distributions, net	(314,627)
Net loss	(595,306)
Balance, December 31, 2021	(123,759)
Contributions	**310,768**
Net loss	**(431,241)**
Balance, December 31, 2022	**$ (244,232)**

See Independent Auditor's Report and Notes to Financial Statements.

POOL SCOUTS FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (431,241)	$ (595,306)	$ (574,746)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	3,144	2,945	15,534
Contribution of services from Parent	76,878	81,756	81,756
Gain on sale of property of equipment	-	-	(466)
Loss on disposal of repurchased territories	-	-	88,662
(Increase) decrease in assets:			
Accounts receivable	(39,176)	5,268	(43,586)
Prepaid expenses	(3,794)	(2,567)	6,168
Contract assets	(120,725)	(493,242)	(318,158)
Notes receivable	(5,000)	20,000	(20,000)
Increase (decrease) in liabilities:			
Accounts payable	30,745	18,577	2,914
Deferred revenue	(30,582)	39,447	27,715
Contract liabilities	9,545	622,086	378,110
Accrued expenses	23,688	73,552	(34,767)
Net cash used in operating activities	(486,518)	(227,484)	(390,864)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments from (advances to) related parties and member	2,919	11,981	(4,834)
Purchase of property and equipment	(2,808)	(4,855)	(1,431)
Proceeds on sale of property and equipment	-	-	600
Investment in website development	-	-	(7,500)
Net cash provided by (used in) investing activities	111	7,126	(13,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions	233,890	-	368,166
Distributions	-	(396,383)	-
Net cash provided by (used in) financing activities	233,890	(396,383)	368,166

See Independent Auditor's Report and Notes to Financial Statements.

POOL SCOUTS FRANCHISING, LLC

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Net decrease in cash, cash equivalents, and restricted cash	**(252,517)**	(616,741)	(35,863)
Cash, cash equivalents, and restricted cash, beginning	**468,065**	1,084,806	1,120,669
Cash, cash equivalents, and restricted cash, ending	**$ 215,548**	$ 468,065	$ 1,084,806

During the years ended December 31, 2022, 2021 and 2020, the Parent contributed services to the Company in the amount of $76,878, $81,756, and $81,756, respectively (see Note 4).

See Independent Auditor's Report and Notes to Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Pool Scouts Franchising, LLC (the Company), is a Virginia limited liability company formed on December 10, 2015, and is a wholly owned subsidiary of Buzz Franchise Brands, LLC (the Parent). The Company is headquartered in Virginia Beach, Virginia, and was established to manage the franchising activities of the "Pool Scouts" brand, a brand intended to operate in the swimming pool, hot tub and spa cleaning and maintenance industry. During the year ended December 31, 2016, the Company began selling franchise licenses to franchisees throughout the United States of America.

A summary of the Company's significant accounting policies follows:

Basis of accounting:

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents:

The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, to be cash equivalents. Restricted cash is either maintained in an escrow account until franchisees meet certain criteria or limited in use for brand development fee expenditures (see "Advertising expenses" section of Note 1).

Accounts receivable:

Accounts receivable include trade receivables and are non-interest bearing. Trade accounts receivable consist of amounts due to the Company from franchisees and are stated at amounts management expects to collect from balances outstanding at year end. Trade accounts receivable are considered past due when payments are not received in accordance with contractual terms stated on billing invoices. Management periodically reviews trade accounts receivable to evaluate collectability. When an account is considered to be uncollectible, the account is charged off to current operations through an allowance. Recoveries of receivables previously written off are recorded as income when received. Management has determined that no allowance is necessary at December 31, 2022 and 2021. At December 31, 2022, 2021, 2020, and January 1, 2020, accounts receivable totaled $92,293, $53,117, $58,385, and $14,799, respectively.

Property and equipment:

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized per the Company's capitalization policy. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Computers	5
Furniture and equipment	5

Depreciation expense recorded for the years ended December 31, 2022, 2021 and 2020 was $1,644, $1,240, and $9,624, respectively.

See Independent Auditor's Report. Notes continued on next page.

Note 1. Nature of Business and Significant Accounting Policies (continued)

Impairment of long-lived assets:

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Intangible assets:

Intangible assets are recorded at cost, less accumulated amortization. Intangible assets are comprised of website development costs at December 31, 2022 and 2021. Website development costs are amortized over five years, the estimated useful life, using the straight-line method. Intangible assets are tested for impairment when, based on future cash flows and profitability of the Company, there are factors indicating that the asset may be impaired. Amortization expense was $1,500, $1,705, and $5,910 for each of the years ended December 31, 2022, 2021 and 2020, respectively. Amortization expense for 2023 and 2024 is estimated to be $1,500 with the remaining $500 to be recognized in 2025.

Revenue recognition:

Revenues are derived from franchise agreements and consist of franchise fees and area development fees and royalty and marketing fees. Management has identified all the following services as one performance obligation in connection with the Company's franchise agreements: start-up package, franchise name and brand usage, training and operational assistance unique to the Pool Scouts Franchising brand, marketing and advertising services, use of the national customer call center, an integrated business management system and credit card processing, and technical support.

Franchise fee revenues, which include initial franchise fees as well as area development fees, are satisfied over time and are recognized by the Company over the term of the franchise agreement. Fees billed or received in advance of completing all material services or conditions are reported as a contract liability until those services and conditions have been satisfied. Franchise fees and area development fees recognized during the years ended December 31, 2022, 2021 and 2020 totaled $242,303, $87,914 and $62,890, respectively.

The Company has royalty and service fee agreements with its franchisees whereby it receives a percentage of its franchisees' sales. These revenues are recognized monthly based on the percentage of the related sales recorded by the franchisees for the month (see Note 2). Brand development fees are recognized at the point in time when the performance obligation is completed. Royalty and service fees collected during the years ended December 31, 2022, 2021 and 2020 amounted to $1,082,841, $630,148 and $331,836, respectively, and are included in royalty, marketing and service fees in the accompanying statements of operations. Brand development fees collected during the years ended December 31, 2022, 2021 and 2020 amounted to $318,407, $129,484 and $64,035, respectively, and are included in royalty, marketing and service fees in the accompanying statements of operations.

The Company established a Community Heroes Program and is a member of the International Franchise Association's VetFran program. As part of these programs, the Company provides veterans of the U.S. Armed Forces a $5,000 discount on the initial franchise fee for the first Pool Scouts franchise. Law enforcement, firefighters and other public servants also qualify for a similar discount. Franchise fee revenue is recorded net of the discount over the term of the franchise agreement.

See Independent Auditor's Report. Notes continued on next page.

Note 1. Nature of Business and Significant Accounting Policies (continued)

Revenue recognition (continued):

Contract assets and contract liabilities include deferred broker fees and deferred franchise and area development fees, respectively, that are recognized over the term of the corresponding franchise agreement.

A summary of contract assets and liabilities are as follows at December 31:

	2022	2021	2020	2019
Contract assets, current portion	$ 100,500	$ 63,300	$ 36,800	$ 3,500
Contract assets, net of current portion	859,875	776,350	309,608	24,750
Total contract assets	$ 960,375	$ 839,650	$ 346,408	$ 28,250
Contract liabilities, current portion	$ 158,579	$ 122,894	$ 77,144	$ 35,250
Contract liabilities, net of current portion	1,162,308	1,188,448	612,112	275,896
Total contract liabilities	$ 1,320,887	$ 1,311,342	$ 689,256	$ 311,146

The Company does not have any significant financing components as payment is received at or shortly after fees are billed.

Advertising expenses:

The Company incurs two types of advertising expenditures: marketing and brand development expenses. Marketing expenses are paid to advertise the brand to potential franchisees and are expensed as incurred. Marketing expenses totaled $142,545, $122,501 and $146,574, during the years ended December 31, 2022, 2021 and 2020, respectively, and are included in selling and marketing expenses in the accompanying statements of operations. Brand development expenses are paid to advertise the brand to potential customers of existing franchisees and are expensed as incurred (see Note 2). Brand development expenses totaled $318,407, $129,484, and $64,035 during the years ended December 31, 2022, 2021 and 2020, respectively, and are included in selling and marketing expenses in the accompanying statements of operations.

Income taxes:

The Company is a disregarded entity for income tax purposes and its activity is included on the Parent's tax return. As a limited liability company, the Parent's taxable income or loss is allocated to its members in accordance with the Amended and Restated Operating Agreement. Therefore, no provision or liability for income taxes has been included in these financial statements.

Management has determined that the provisions of the pronouncement for "Accounting for Uncertainty in Income Taxes" have no material impact on the Company's or the Parent's results of operations or financial position. If there are uncertain and potentially material tax positions identified, the resulting estimated liability, including any related interest and penalties, will be recorded as miscellaneous expenses.

Use of estimates:

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

See Independent Auditor's Report. Notes continued on next page.

Note 2. Franchising Activities

The Company generates revenues from franchising through individual franchise sales and area development agreements. In general, the Company's franchise agreements provide for the payment of a franchise fee, typically $25,000 for 2022, for each opened franchise. The franchise agreements also generally require the franchisees to pay the Company a royalty and service fee equal to 8% of net sales and a brand development fee equal to 2% of net sales.

Area development agreements provide for the development of a specified number of franchises within a defined geographic territory in accordance with a schedule of opening dates. Development schedules generally cover up to three years and typically have benchmarks for the number of franchises to be opened and in operation at 12 month intervals. Area development agreement payments, typically ranging from $35,000 to $42,500 for 2022, are made when the agreements are executed and are nonrefundable. At the scheduled opening dates, franchise agreements are signed under similar terms as described in the previous paragraph and require an additional franchise fee payment, typically of $2,500.

The Company began selling franchise licenses during 2016. Below is a summary of the number and type of agreements entered into and the related number of territories sold during the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Franchise agreements	**9**	23	22
Area development agreements	**4**	11	9
Territories sold	**14**	40	33
Territories closed/repurchased	**(7)**	(1)	(3)
Cumulative territories sold	**116**	109	70

Below is a summary of operating franchises for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Franchises operating, beginning of year	**47**	31	22
Franchises opened under current year agreements	**8**	7	10
Franchises opened under prior agreements	**15**	9	-
Franchises closed	**(2)**	-	(1)
Total operating franchises	**68**	47	31

At December 31, 2022, there were eight franchises set to open during 2023 related to agreements signed as of December 31, 2022. These franchises and the others sold but unopened have yet to begin operations as of December 31, 2022, because they relate either to the scheduled openings per an area development agreement or individual franchise agreements entered into after the Company's primary operating season.

See Independent Auditor's Report. Notes continued on next page.

Note 2. Franchising Activities (continued)

On November 1, 2019, the Company purchased certain assets from a now former franchisee. The assets purchased included several territories established by the former franchisee, including all associated rights and privileges. Management considered these assets to constitute a business and the transaction to be a business combination. Accounting principles generally accepted in the United States of America require, among other things, that assets acquired, and liabilities assumed in a business combination be recognized at their fair value as of the acquisition date, with an excess purchase price being allocated to goodwill. The purchase price for this acquisition was $88,662 which was allocated entirely to an intangible asset associated with the repurchased territories, primarily consisting of customer information and relationships. During the year ended December 31, 2020, the repurchased territories were transferred at no cost to an existing franchisee and the Company disposed of the intangible asset.

The following is a summary of revenue and costs by company-owned territories for the years ended December 31, 2022, 2021 and 2020, respectively:

	2022	2021	2020
Revenue	$ -	$ -	$ 61,390
Operating expenses	-	-	93,006
Net loss from operations	$ -	$ -	$ (31,616)

The Company did not own or operate any franchise locations as of December 31, 2022, 2021, and 2020.

Note 3. Note Receivable

The Company entered into a note agreement with an unrelated party for the payment of certain fees during the year ended December 31, 2022. The agreement is set to expire in March 2023, bears no interest and is included in other assets on the accompanying balance sheet at December 31, 2022.

Note 4. Related Party Transactions

The Parent provides certain management, administrative and support services to the Company. The Company and the Parent have entered into a shared services agreement to formalize the allocation of these costs from the Parent to the Company. The allocation covers indirect costs such as corporate salaries and incentives, rent, and utilities that may be allocated with a reasonable mark-up. These allocations are based on management's estimates and may not reflect the operations of the Company if it were to operate on a standalone basis. During the years ended December 31, 2022, 2021 and 2020, the Parent determined that the allocation of corporate salaries and incentives was not necessary and as such has only allocated rent expense to the Company. This determination was based on operational performance of the Company and is subject to change as operations improve or decline. During the years ended December 31, 2022, 2021 and 2020, $76,678, $81,756 and $81,756, respectively, in shared service costs, included in selling and marketing and in general and administrative expenses in the accompanying statements of operations, were allocated to the Company. At December 31, 2022 and 2021, $10,066 and $7,147 remained due to the Parent, respectively, and is included in due to member on the accompanying balance sheets.

The Company has also assigned its rights and title to various trademarks and service marks to an affiliate. The parties have entered into a licensing agreement whereby the Company pays a license fee, ranging from 15% to 35% of the Company's revenue, as defined in the agreement, for the right to license the trademarks and service marks to its franchisees. However, during the years ended December 31, 2022, 2021 and 2020, the affiliate waived the license fee due under the licensing agreement.

See Independent Auditor's Report. Notes continued on next page.

Note 5. Concentrations of Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments. The Company places its cash investments with high quality financial institutions where the Federal Deposit Insurance Corporation insures the first $250,000 of cash at each qualifying institution. As of December 31, 2022, the Company had no amounts in excess of this limit.

Note 6. Subsequent Events

The Company has evaluated subsequent events through March 15, 2023, the date which the financial statements were available to be issued.

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	
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	
Virginia	Pending
Washington	
Wisconsin	Pending

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.

ITEM 23
RECEIPT (YOURS)

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

If POOL SCOUTS FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pool Scouts Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A.

The sales agents representing Pool Scouts Franchising, LLC for this offering is/are:

Kevin Wilson, Michael Wagner, Brian Garrison, Austin James, Dave Warn, Matthew Karahalios, and Rita Iglesias
Pool Scouts Franchising, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253

ISSUANCE DATE: April 24, 2023

Pool Scouts Franchising, LLC has authorized the agents listed in Exhibit C to receive service of process for it. I have received a Disclosure Document (Franchise Disclosure Document) dated _____. This disclosure document included the following Exhibits:

Exhibit A – List of Administrators
Exhibit B – Disclosure Document State Addenda
Exhibit C – Agents for Service of Process
Exhibit D – Franchise Agreement and State Amendments
Exhibit E – Area Development Agreement and State Amendments
Exhibit F-1 – Authorization Agreement for Prearranged Payments (Direct Debits)
Exhibit F-2 – Promissory Note
Exhibit F-3 – Guaranty
Exhibit F-4 – Security Agreement
Exhibit G – Telephone Number Assumption Agreement
Exhibit H-1 – Transfer and Release Agreement
Exhibit H-2 – Commission Agreement
Exhibit H-3 – Escrow Agreement
Exhibit I – General Release
Exhibit J – Operations Manual Table of Contents

Exhibit K – List of Franchisees
Exhibit L – List of Affiliate-Owned Businesses
Exhibit M-1 – Franchisee Disclosure Questionnaire
Exhibit M-2 – Confidentiality Agreement
Exhibit N – Financial Statements

_____	_____
Date	Franchisee
	Name:_____

ITEM 23
RECEIPT (OURS)

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

If POOL SCOUTS FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pool Scouts Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A.

The sales agents representing Pool Scouts Franchising, LLC for this offering is/are:

Kevin Wilson, Michael Wagner, Brian Garrison, Austin James, Dave Warn, Matthew Karahalios, and Rita Iglesias
Pool Scouts Franchising, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253

ISSUANCE DATE: April 24, 2023

Pool Scouts Franchising, LLC has authorized the agents listed in Exhibit C to receive service of process for it. I have received a Disclosure Document (Franchise Disclosure Document) dated _____. This disclosure document included the following Exhibits:

Exhibit A – List of Administrators
Exhibit B – Disclosure Document State Addenda
Exhibit C – Agents for Service of Process
Exhibit D – Franchise Agreement and State Amendments
Exhibit E – Area Development Agreement and State Amendments
Exhibit F-1 – Authorization Agreement for Prearranged Payments (Direct Debits)
Exhibit F-2 – Promissory Note
Exhibit F-3 – Guaranty
Exhibit F-4 – Security Agreement
Exhibit G – Telephone Number Assumption Agreement
Exhibit H-1 – Transfer and Release Agreement
Exhibit H-2 – Commission Agreement
Exhibit H-3 – Escrow Agreement
Exhibit I – General Release
Exhibit J – Operations Manual Table of Contents

Exhibit K – List of Franchisees
Exhibit L – List of Affiliate-Owned Businesses
Exhibit M-1 – Franchisee Disclosure Questionnaire
Exhibit M-2 – Confidentiality Agreement
Exhibit N – Financial Statements

_____ _____

Date Franchisee

Name:_____

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No.: **631174**
(Insert file number of immediately preceding filing of Applicant)

State: **Wisconsin**

Fee: **$400**

APPLICATION FOR (Check only one):

X INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

_____ RENEWAL APPLICATION OR ANNUAL REPORT

_____ PRE-EFFECTIVE AMENDMENT

_____ POST-EFFECTIVE AMENDMENT

1. Full legal name of Franchisor: **Pool Scouts Franchising, LLC**

2. Name of franchise offering: **Pool Scouts**

3. Franchisor's principal business address: **2829 Guardian Lane, Suite 100**
Virginia Beach, VA 23452

4. Name and address of Franchisor's agent in this state authorized to receive service of process:
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705

5. The states in which this application is or will be shortly on file:
Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Wisconsin

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:
Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
150 W. Main Street, Suite 1900
Norfolk, VA 23510-1665
T: (757) 624-3306
F: (888) 360-9092
E: njharrell@kaufcan.com

CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of April 24, 2023, attached as an exhibit, and that all material facts stated in those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Norfolk, Virginia, April 25, 2023.

FRANCHISOR:

POOL SCOUTS FRANCHISING, LLC

By: Michael Wagner

Name: Michael Wagner

Title: President

(Seal)

COMMONWEALTH OF VIRGINIA)
) ss.
CITY OF NORFOLK)

Personally appeared before me this 25th day of April, 2023, the above-named Michael Wagner to me known to be the person who executed the foregoing application (as President of the above-named applicant) and, being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

Jill N Townsend

Jill N. Townsend, Notary Public

My Commission Expires: 02/28/2025

Registration No.: 211825

JILL N. TOWNSEND COMMONWEALTH 211825 OF VIRGINIA NOTARY PUBLIC

UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

Pool Scouts Franchising, LLC, a limited liability company organized under the laws of the Commonwealth of Virginia (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. It is requested that a copy of any notice, process or pleading served this consent be mailed to:

- ☐ California: Commissioner of Corporations
- ☒ Hawaii: Commissioner of Securities
- ☒ Illinois: Attorney General
- ☒ Indiana: Secretary of State
- ☒ Maryland: Securities Commissioner
- ☒ Minnesota: Commissioner of Commerce
- ☒ New York: Secretary of State
- ☒ North Dakota: Securities Commissioner
- ☒ Rhode Island: Director, Department of Business Regulation
- ☐ South Dakota: Director of the Division of Insurance
- ☒ Virginia: Clerk, Virginia State Corporation Commission
- ☐ Washington: Director of Financial Institutions
- ☒ Wisconsin: Administrator, Division of Securities, Department of Financial Institutions

Please mail or send a copy of any notice, process or pleading served under this consent to:

Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
150 W. Main Street, Suite 1900
Norfolk, VA 23510

Dated: April 25, 2023.

FRANCHISOR:

POOL SCOUTS FRANCHISING, LLC

By: _____
Name: Michael Wagner
Title: President

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

Category	Costs
Real Estate	$ 0
Improvements	$ 0
Equipment	$ 0
Inventory	$ 0
Training	$4,000
Other (describe)	
Advertising	$2,000
Marketing Materials	$ 0
Sales Commissions	$ 0
Screening Costs	$ 500
Legal Costs	$ 500
Website Modification	$ 0
Software Setup Fee	$ 0
Totals	$7,000

2. State separately the sources of all required funds:

Working capital

Initial Franchise Fee

Mailer Set-up Fee

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

AUDITOR'S CONSENT

Wall, Einhorn & Chernitzer, P.C. consents to the use in the Franchise Disclosure Document issued by POOL SCOUTS FRANCHISING, LLC ("Franchisor") on April 24, 2023, as it may be amended, of our report dated March 15, 2023, relating to the financial statements of Franchisor for the period ending December 31, 2022.

Accountant: Wall, Einhorn & Chernitzer, P.C.

By: Joanna G. Brumsey

Name: Joanna Brumsey

Title: Shareholder

Date: April 24, 2023

P: 757.625.4700 F: 757.625.0527 www.wec.cpa
150 West Main Street, Suite 1200 Norfolk, Virginia 23510
Independently Owned Member of CPAmerica International
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants