FRANCHISE DISCLOSURE DOCUMENT

Premium Franchise Corp.
a California corporation
3916 Conquista Avenue
Long Beach, CA 90808
(888) 760-7378
FAX: (562) 513-5866
www.premiumtpc.com

The franchises described in this disclosure document are for the operation of **PREMIUM TERMITE AND PEST CONTROL™** Businesses offering pest control products and services**.** The total investment necessary to begin operation of a franchised Premium Business is $74,185 to $181,065. This includes the Initial Franchise Fee of $35,000 that must be paid to the franchisor.

We also offer the right to develop multiple franchise Premium Businesses under an Area Development Agreement. If You are an Area Developer, You are required to pay Us a nonrefundable Development Fee equal to the initial franchise fee for the first Required Premium Business plus a $10,000 deposit for each additional Required Business.

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 disclosure in different formats, contact Jason Fiala at the above address and telephone number.

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 and this disclosure document carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or accountant.

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

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

Issuance Date: November 6, 2024

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 out 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 G.
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 F 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 Premium Termite and Pest Control 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 Premium Termite and Pest Control franchisee?	Item 20 and Exhibit G 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 similar businesses 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 registration requirement, or to contact your state, use the agency information in Exhibit E.

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. **<u>Out-of-State Dispute Resolution.</u>** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Los Angeles County, California. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Los Angeles County, California than your own state.

2. **<u>Personal Guaranty</u>**. Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Certain states may require 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 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the words "**We**", "**Us**", or "**Our**" mean the franchisor Premium Franchise Corp., a California corporation. "**You**" or "**Your**" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership, or other business entity. Boldface terms are for ease of reference only.

The Franchisor

We are a California corporation formed on August 10, 2021, to franchise and administer termite and pest control businesses ("**Premium Businesses**") using the PREMIUM TERMITE AND PEST CONTROL™ and other trademarks. We do not do business under any other name and Our principal business address is 3916 Conquista Ave., Long Beach, CA 90808; tel: (888) 760-7378. Our agents for service of process are listed on Exhibit E.

We do not have any predecessor or parent. We are commonly owned with Premium Termite and Pest Control, Inc., a California corporation ("**Company**"), which is Our "**Affiliate**". The Company's address and telephone number are 3916 Conquista Ave., Long Beach, CA 90808; tel: (888) 760-7378. We do not operate a termite and pest control business, but the Company currently operates one (1) Premium Business in Los Angeles County, which is similar to the franchise being offered to You. The Company's Premium Business was opened during 2011 in Signal Hill, CA. Neither We nor Company have previously offered franchises in this or any other line of business.

Description of the Franchise

We offer franchises for the operation of Premium Businesses that use a comprehensive and distinctive system which has been developed over the years (the "**System**") to provide residential and commercial customers with termite and pest control services. Premium Businesses will use the PREMIUM TERMITE AND PEST CONTROL and other designated trademarks, trade names, service marks and logos ("**Marks**").

Premium Businesses must follow the System developed by Our founder, Jason Fiala, starting in 2011. The System includes valuable know-how, trade secrets, trademarks, copyrights, proprietary products and software, confidential electronic and other communications, marketing programs and other business procedures as well as Our confidential Operations Manual (the "**Manual**"). You will use Our System and must operate according to Our standards, specifications, operating procedures, and rules (the "**System Standards**").

Each Premium Business typically employs 1 to 15 part-time and full-time persons and is typically open Monday to Friday from 8:00 a.m. to 5:00 pm, Saturday from 8:00 am to 2:00 pm, and closed on Sunday.

Franchise Agreement

To obtain a PREMIUM TERMITE AND PEST CONTROL franchise, You must be approved both operationally and financially before opening each new Premium Business. We have a Franchise Development Committee, which has the exclusive authority to approve all new franchises. The first step is to submit a Franchise Application for Us to review and consider for approval. If We approve Your franchise application and after disclosure of the Franchise Disclosure Document, You will execute a Franchise Agreement (**Exhibit B**). You will pay Us the Initial Franchise Fee in full when the Franchise Agreement is executed, which will be prior to site approval, training and before opening Your Business.

In Our sole discretion, We may require You to execute a Preliminary Agreement (**Exhibit A**) which becomes a contractual commitment for a franchise, subject to the conditions in the Preliminary Agreement. The Preliminary Agreement is executed after We have approved Your franchise application and proper disclosure of the Franchise Disclosure Document. A Franchise Agreement will be signed when all conditions have been met such as obtaining all necessary permits and licenses for the new Premium Business and payment of the balance of the Initial Franchise Fee.

A Franchise Agreement (**Exhibit B)** will be signed when all conditions of the Preliminary Agreement have been met and Your Premium Business is close to opening. There are no refunds of any part of the Initial Franchise Fee including any deposits. The initial term of each Franchise Agreement is 10 years and is renewable for four additional 5-year terms, subject to certain conditions. See "Renewal" discussed below in ITEM 17.

Area Development Agreements

We may offer multiple unit developers an Area Development Agreement (**Exhibit C**) for the opening and operation of a minimum of 3 or more franchised Premium Businesses within a designated area ("**Territory**") pursuant to a mutually agreed upon Development Schedule.

The Area Development Agreement grants the exclusive right and obligation to develop a minimum number of Premium Businesses within the Territory during a certain time period. A Developer must pay Us a nonrefundable Development Fee. The primary purpose of the Development Fee is to pay Us for reserving the designated territory. You will execute Our then current form of the Franchise Agreement for each Premium Business developed under the Area Development Agreement.

Competition

Your Premium Business will be competing with other termite and pest control businesses offering somewhat similar services, some of which are part of a national or regional franchised and non-franchised systems. You will offer products and services to the general public, including both commercial and residential customers.

Industry Regulation

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of Your termite and pest control business. You must comply with all local, state, and federal laws that apply to Your Premium Business.

In addition, You must investigate, keep informed of any, and comply with all local, state, and Federal laws that apply to businesses generally. A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your business, and may include those which (a) establish general standards, permitting restrictions and requirements and other specifications and re quirements for the construction, design, maintenance and operation of businesses; (b) set standards pertaining to employee health and safety; (c) establish procedures for the disposal of hazardous wastes; (d) es tablish requirements and procedures for the recycling and/or disposal of electronic waste; (e) set standards and requirements for fire safety and general emergency; (f) regulate home-based businesses and businesses that offer and sell goods and services in-home; and (g) regulate the services which may be provided only by licensed contractors and other persons.

You should investigate the applicability of these and possibly other regulations in the area in which You are interested in locating Your Premium Business and should consider both their effect and cost of compliance.

California franchisees will be governed by the California Structural Pest Control Act which is contained in California Business and Professions Code Sections 8500 through 8698.6 ("CSPCA"). Before We will sign a Franchise Agreement with You, You must be in compliance with the CSPCA and Your registered company must have a fully licensed Qualifying Manager designated to supervise the daily business and to be available to supervise and assist Your employees.

You must comply with all the provisions of Division 3, Chapters 14 and 14.5 of the California Business and Professions Code as same may be amended from time to time and any rules which may be adopted or amended from time to time by the Structural Pest Control Board, and the corresponding provision of any other state's laws. You must notify Us within 72 hours of any disciplinary proceedings which may be initiated against You or any of Your employees by the Structural Pest Control Board.

We suggest that you join and maintain membership in Pest Control Operators of California, Inc. and the National Pest Management Association. The current estimated costs of membership are reflected in Item 7.

ITEM 2. BUSINESS EXPERIENCE

President and CEO: Jason Fiala

Mr. Fiala is Our Founder and has been Our President and CEO since We were formed in August 2021. Beginning in 2011, he was a proprietor of a termite and pest control business located in Lancaster, California doing business as Premium Termite and Pest Control, which was organized as Premium Termite and Pest Control, Inc. in December 2018. Mr. Fiala has been the Director and CEO of Premium Termite and Pest Control, Inc., currently located in Signal Hill, California, since December 2018. Prior to that time, Mr. Fiala had been in the best control business for over twenty years.

Vice President and Secretary-Treasurer: Joseph Hiatt

Mr. Hiatt ("Joey") has been Our Vice President and Secretary -Treasurer since We were formed in August 2021. He has been a Field Manager for Premium Termite and Pest Control, Inc. and joined operations in March 2015. Prior to that time, Mr. Hiatt had been in the pest control business for over fifteen years.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee is $35,000 for each franchised Premium Business as payment for services rendered prior to the opening of the Premium Business, except Our first two (2) franchised Premium Businesses will not pay an Initial Franchise Fee.

There are no refunds of any part of the Initial Franchise Fee, which must be paid in full upon execution of the Franchise Agreement.

We offer an employee initiative program. Employees who have worked four or more years for Company will not pay an Initial Franchise Fee. Employees must be financially and operationally qualified to become franchisees, which will be determined in Our sole discretion.

We also offer reduced Initial Franchise Fees for Military Veterans and First Responders. Under this program, honorably discharged veterans of the United States armed forces and voluntarily retired First Responders (such as firefighters, police officers and paramedics) are entitled to receive a twenty-five percent (25%) discount.

Preliminary Agreement

If We require You to execute a Preliminary Agreement, You must pay us $10,000 as a deposit. When We sign the Preliminary Agreement, it becomes a commitment for one Premium Business franchise, subject to the conditions in the Preliminary Agreement.

You will pay Us the Initial Franchise Fee when You sign the Franchise Agreement, with a credit for any sums paid pursuant to the Preliminary Agreement. There are no refunds of any part of the deposit, which must be paid in full upon execution of the Preliminary Agreement.

Area Development Agreement

We are also offering franchises to qualified Developers who will develop and operate at least 3 to 5 Premium Businesses under an Area Development Agreement ("Required Premium Business").

Developers must pay Us a Development Fee equal to the full Initial Franchise Fee for the first Required Premium Business plus $10,000 for each additional Required Premium Business (as specified in the development schedule) to hold the Development Area.

As You develop each Required Premium Business, You will execute Our then current Franchise Agreement. The Initial Franchise Fee for all Required Business is $40,000. For the second and subsequent Required Premium Businesses, You will pay Us an Initial Franchise Fee less $10,000 credit from the Development Fee for that Premium Business. The Royalty Fee for the Required Businesses will be 7% of Gross Revenues.

There is no refund of the Development Fee, even if You do not open the Required Premium Business.

ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Franchise Royalty Fee	7% of Gross Revenues	Monthly	See Note 2 & 3.
Local Marketing Spending	The greater of 2% of Gross Revenues or $1,000	Monthly	See Note 4
System Marketing Fund Fee	If required in future up to 2% of Gross Revenues.	Monthly (once established)	See Note 2, 3 and 5.
Technology Fee	Reasonable amount for Our costs and expenses (currently $100.00)	Monthly	See Note 3 & 6.
Business email	Our then-current charge (currently $7.00 per email address).	Monthly	See Note 3 & 7.
Supplier Approval Fee	Reasonable amount for Our costs and expenses (currently $1,000)	Upon request for approval	See Note 8.
Initial Training Fee for Additional Attendees	Our then-current charge (presently $1,000 per person)	Upon Invoice	See Note 9.
Additional Training	Our then-current per diem fee, plus Our expenses (currently $500 per day)	Upon Invoice	See Note 10
Late Payment Fees	$250.00 plus interest on late amounts at 18% or highest legal rate.	Upon Invoice	Payable to Us.
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding	See Note 11.
Transfer Fee	$10,000	Before actual transfer	See Note 12.

Renewal Fee	$25% of then current initial franchise fee	Prior to renewal	See Note 12.
Audit	Reasonable Accounting and Legal Fees	Upon invoice	See Note 13.
Insurance Premiums	What You have failed to pay the Insurer	Immediately upon Invoice	Payable to Us to reimburse Us for having to pay Your obligation.
Indemnification	Amount of claim and costs incurred	Upon Demand	See Note 14.
Liquidated Damages - Default	Lump Sum (Calculation based on number of months and Royalty Fee averages.)	Upon Demand	See Note 15.

FOOTNOTES:

(1) All fees are imposed uniformly and paid to Us unless indicated otherwise. None of these fees are refundable for any reason except errors. All fees payable to Us are intended to be “net” amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes). There are no additional fees that an Area Developer would pay other than those listed above.

(2) "**Gross Revenues**" is defined in the Franchise Agreement as the total of all payments received by You from or related to the Premium Business during each time period, including proceeds from business interruption insurance. "Gross Revenues" does not include sales taxes, discounts, revenue derived from selling or issuing system gift or loyalty cards (although revenue derived from selling products and services to customers who use such cards for payment will be included in Gross Revenues), refunds or proceeds from the sale of furniture, equipment or similar items used in the Premium Business.

(3) You must pay these fees no later than the third (3rd) day following the end of each month or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds (“**EFT**”) or other method of payment designated by Us. You must submit for each designated period a sales report and ensure that each account has sufficient funds for the transfer.

NOTES CONTINUED:

(4) You must spend this amount monthly to conduct approved local advertising and sales programs for Your Premium Business and send Us proof of the spending. Also, when and if an advertising cooperative is established in Your area You must join it, and contributions to it will be applied toward this obligation ("**Ad Co-op**"). The mandatory contribution to an Ad Co-op may exceed two percent of Gross Revenues if the Ad Co-op members agree to additional funding in accordance with established Bylaws. (Franchise Agreement, Section 7.6).

(5) The Marketing Fund is not yet established. These payments will not be required until We determine that establishing the Marketing Fund is appropriate for the System. We will also set the initial contribution rate at that time, which may be less than the maximum rate. We will deposit each payment into a separate bank account to be used for advertising and marketing purposes as described in ITEM 11.

(6) The monthly Technology Fee includes the maintenance of Our website, social media sites and nation-wide toll-free numbers.

(7) Each Premium Business must have a minimum of two (2) proprietary email addresses to conduct business. We will provide You with business email accounts using Our domain name.

(8) We may impose reasonable inspection and supervision fees to cover Our costs in evaluating and maintaining alternative brands or suppliers You propose. Our current estimated cost is $300 although costs could exceed this amount depending on the product or service.

(9) The Initial training is free for one person. Currently most training is handled on-site at a current Premium Business and then at Your Premium Business. If You want Us to provide Initial Training to additional people, You must pay Us the then-current charge (presently $1,000 per person) for the training described in Item 11 below. You are responsible for the cost of travel, hotel, and meals expenses for Your attendees.

(10) This estimate is for additional training if You request Our assistance or if We determine that You require Our assistance. Typically, additional training might include 1 to 2 persons for 2 days. Fees may not be uniformly imposed depending on specific circumstances. Additional training is currently conducted at Your Premium Business.

(11) Such fees will vary based on circumstances and may include reimbursement for legal or accounting fees that occur as a result of any breach of the Franchise Agreement.

(12) These Fees may not be uniformly imposed at all times.

NOTES CONTINUED:

(13) If you understate any payment owed to Us by more than 2%, You must reimburse Us for Our actual costs included in conducting the audit, including attorney's fees, accountants' fees, travel expenses and compensation of Our employees. These fees will not exceed Our actual costs. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between $1,000 and $5,000.

(14) You must indemnify Us for claims relating to Your operation of the Business.

(15) If the Franchise Agreement is terminated due to Your default, You must pay Us liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is less.

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ITEM 7. ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee (1)	$35,000	$35,000	Lump Sum	In Full on signing of Franchise Agreement	Us
Truck & Equipment (2)	$11,000	$47,000	Lump Sum	Prior to Opening	Suppliers
Real Estate Deposit (3)	None	$15,000	Lump Sum	Signing Lease	Lessor
Rent (first 3 months)(3)	None	$15,000	As Incurred	Monthly	Lessor
Utility Deposits	None	$200	Lump Sum	As Incurred	Vendor
Training, Travel & Living Expenses (4)	$1,000	$5,000	As Incurred	Before and During Training	Airlines, Hotels, others
Computers, Software, Office Supplies, Furniture, Equipment (5)	$1,500	$5,000	As Incurred	Prior to Opening	Suppliers
PestPac License (6)	$270	$1,250	Monthly	As Incurred	Vendor
Voice for Pest (7)	$265	$375	As Incurred	Prior to Opening	Vendor
Permits & Licenses (8)	$200	$1,000	As Incurred	Prior to Opening	Government Agencies
Initial Supplies and Accessories	$1,000	$15,000	Lump Sum	As Incurred	Suppliers
Chemicals	$1,200	$4,740	Lump Sum	As Incurred	Suppliers
Association Fees (9)	$750	$1,500	As Incurred	Prior to Opening	National & State Associations
Insurance, Deposits and Prepaid Expenses (10)	$4,000	$10,000	As Incurred	Prior to Opening	Various
Additional Funds - Three Months (11)	$18,000	$25,000	Lump Sum	Prior to Opening	Employees, Suppliers, Utilities
TOTALS:	**$74,185**	**$181,065**			

FOOTNOTES:

The above are estimates based on Our experience with the Company Business located in the Los Angeles, California area. All fees are imposed uniformly and paid to Us unless indicated otherwise. Except for security deposits, none of the above payments are expected to be refundable. We will not finance any of these payments. You should independently investigate costs in Your area and review these figures carefully with a business advisor, accountant, or attorney before making any decision to purchase a franchise.

(1) You must pay the Initial Franchise Fee in full upon execution of the Franchise Agreement. It is not refundable for any reason. As discussed in ITEM 5, Our first two (2) franchised Premium Businesses and employees who qualify under Our Employee Incentive Program will not pay an Initial Franchise Fee. Additionally, We offer a reduced Initial Franchise Fee for Military Veterans and First Responders.

(2) You must purchase or lease one or more Vehicles with an open bed and must be white, bear Our Marks and be in strict conformity with the standards and specifications set forth in the Operations Manual. The lower estimate assumes that you will lease a $40,000 Vehicle and the higher estimate includes the purchase of a $40,000 Vehicle.

Initial Equipment will include a power sprayer, ladder rack, black diamond plate box for the truck, two (2) compressed air sprayers and miscellaneous items and the estimated cost for the Initial Equipment is $7,000.

(3) You can operate Your Premium Business from a home office, provided that You are in compliance with all applicable state requirements and regulations, including the storing and securing of Your chemicals. If you lease an office from a third party, You will negotiate the Lease, including the amount and timing of rent and other payments. A lease normally requires advance payment of the first month's rent and a deposit equal to a second or third month's rent. You should independently investigate all these costs in the area, and for the specific site where You wish to establish Your Premium Business.

(4) Our initial training program is 1 to 2 weeks. Each Premium Business must have at least one trained person. You must pay for the expenses of attending training, such as lodging, meals, transportation, and wages of trainees. The cost of these expenses will depend on the distance they must travel, the type of accommodations, the number of Your employees attending training and their wages. More than one trainee will increase these expenses and cost additional fees of $500 each per week.

NOTES CONTINUED:

(5) These estimated amounts are based on Our founder's experience and the Premium Business located in the Los Angeles, California area. This amount includes necessary equipment and also consists of accessories and supplies that You should stock at the Business.

(6) You will be required to use PestPac by Workwave for Your Premium Business. PestPac is an industry specific software that performs a number of functions, including CRM, scheduling, invoicing, accounts receivables, reports, and estimates. These estimates are for the set-up costs to use PestPac for Your Premium Business. The low estimate is for two (2) PestPac licenses and the higher estimate is for ten (10) PestPac licenses. You will pay Workwave an ongoing monthly license fee as discussed in ITEM 11 and the monthly license fee is not included in these estimates. PestPac integrates with Our required phone system, Voice for Pest.

(7) Your Premium Business will be required to use Voice for Pest. We currently use Voice for Pest as Our phone system. Voice for Pest integrates with PestPac, Our required software system. These estimates are for the set-up cost to use Voice for Pest for Your Premium Business. The low estimate is to set up Voice for Pest for two licensed users and the higher estimate is for four licensed users.

(8) You must obtain all necessary business permits, licenses, and approvals to operate the Premium Business. You must be in compliance with applicable state law including the California Structural Pest Control Act and operate Your Premium Business under a valid Pest Control Operator's License. You should contact an attorney and the government authorities in Your area for information about the actual cost and level of difficulties in obtaining all necessary permits.

(9) You are encouraged to join various associations such as Pest Control Operators of California, Inc., and the National Pest Management Association, both of which require annual fees.

(10) Insurance, deposits, and other prepaid expenses are included in this amount. You should have funds for one year's estimated insurance premium for the Vehicle, property, liability, workers' comp, and other insurance. Insurance must be obtained to meet minimum requirements set by the System Standards. (See ITEM 8). Premiums for commercial general liability insurance are subject to change due to market forces. You should contact your insurance agent and obtain an estimate of Your actual insurance costs. If You fail to obtain the required insurance, We have the right to obtain the insurance on Your behalf and at Your expense. There may also be a requirement to pay utility and/or other deposits and to prepay certain expenses.

NOTES CONTINUED:

(11) This category includes contingent working capital requirements, which could include expenditures for payroll, utilities, vendor, advertising, promotion, and similar costs during the initial phase of a new business. This estimate is for the first 3 months of operating Your Premium Business. This estimate is based on Our founder's past experience, and We cannot guarantee that You will not have additional expenses starting Your Premium Business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Premium Business products, the prevailing wage rate, competition, and the sales level reached during the initial period.

If You are an Area Developer You will pay upon execution of the Area Development Agreement a Development Fee equal to $10,000 per each additional Premium Business required under the Development Schedule. As You develop each Required Premium Business You will pay Us an initial franchise fee (less $10,000 credit from the Development Fee) for that Premium Business.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must design, construct, remodel, equip and supply Your Premium Business from suppliers previously approved by Us, which may include Us and Our Affiliates ("**Approved Suppliers**").

You must open and continuously operate from an office at a location within Your Territory. You can operate out of a home office or leased space. You must maintain the premises from which you conduct Your Premium Business and all equipment in the manner as required by state law.

A substantial portion of Your Premium Business will be conducted through the utilization of a vehicle ("Vehicle") that enables You to deliver products and perform services at residences and commercial locations within Your Territory. You must promptly purchase or lease a Vehicle which must be white, bear the decals using Our Marks, and be in strict conformity with the standards and specifications set forth in the Operations Manual.

To ensure that the highest degree of quality and service is maintained, You must operate Your Premium Business in strict conformity with the methods, standards and specifications that We prescribe in the Operations Manual or otherwise in writing. We may modify or add new specifications in writing. You agree, from time to time, as reasonably required by Us (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Premium Business to Our then current standards and specifications.

Currently, You are not obligated to purchase or lease directly from Us or Our Affiliates. We specify Approved Suppliers and the products and services that are required to be purchased or leased in the Operations Manual. The list of required items will be changed to meet current needs. Approved Suppliers and specifications are determined based on the current needs for operating the Premium Business. We evaluate Approved Suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have the right to limit the number of vendors and suppliers for products, goods, supplies, services and equipment.

We also have the right to designate a single source of supply for certain products. We or an affiliate may be that single source. As of the date of this Disclosure Document, there are Approved Suppliers who are the only source for the telephone system, the power sprayer, and the software system including the CRM.

All Premium Businesses must use Our toll-free number to conduct business. Currently, We use Voice for Pest, a brand of Affiliated Technology Solutions, as Our telephone system. Voice for Pest is a system designed for the Pest Management Industry and routes customers calls to the appropriate franchisee based on zip codes. See Item 11 for estimated costs.

Voice for Pest integrates into Our required software system, PestPac by WorkWave. PestPac is an industry specific, cloud-based software that performs a number of functions, including CRM, scheduling, invoicing, accounts receivables, reports, and estimates. See Item 11 for estimated costs.

You must purchase the Your power sprayer from The Rig Man, a manufacturer of Pest & Termite sprayers located in La Puente, California. The current estimated costs of an electric power sprayer between $2,000 to $3,000 and depends on the power sprayer's capacity which can range from 25 gallons to 50 gallons. The power sprayer includes a hose reel, hose and application gun and includes installation if Your Premium Business is located in Southern California. Shipping and installation costs will vary if Your Premium Business is located outside of Southern California.

If We introduce proprietary Products and/or items bearing the Marks, You may be required to purchase such items from an Affiliate or Us. You must purchase Our branded apparel, accessories and items bearing our Marks from Us, which We or designated suppliers will sell to You at a reasonable markup. You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs, and to participate in these programs. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

We may negotiate purchase arrangements with Approved Suppliers, including price and terms, for the benefit of franchisees and the Premium Businesses operated by Company. We do not provide material benefits (for example renewal or additional franchises) to You based solely on Your use of Approved Suppliers. We will approve additional suppliers. If you want to purchase items from another supplier, you may request Our "Supplier Approval Form" and pay Our Supplier Approval Fee (currently $300.00). We are not required to make available to You or any supplier Our criteria for product or supplier approval. We will complete Our review promptly, generally within 90 days. During the last fiscal year, neither We nor Our Affiliates received any revenues or rebates as a result of franchisee purchases. If such rebates are received, they typically will be calculated as a percentage of franchisee purchases. If We receive rebates from suppliers based on Franchisee purchases, We use the funds to benefit the System. Except as stated above, none of Our officers own an interest in an Approved Supplier. We do not have any purchasing or distribution cooperatives.

Insurance:

The Franchise Agreement requires You to obtain insurance from Qualified Insurance Carriers satisfactory to Us. Each insurance company must be rated no less than A VII by A.M. Best and Company. The insurance You must obtain includes coverage during the construction of Your Premium Business and its operation. We must be named as an additional insured on each policy except workers compensation insurance. The required insurance policies must have at least the minimum coverage specified in Article 11 of the Franchise Agreement.

ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition	FA: §§ 1.3, 6.3 ADA: §§1.1, 4.2	Items 1, 11
b. Pre-opening purchases/leases	FA: §§4, 8.1	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §4 ADA: §1, 2, 4	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §5 ADA: §4.5	Items 1, 11, 17
e. Opening	FA: §§1.4, ADA: §2	Items 5, 7, 11
f. Fees	FA: §§2, 3.2, 4.8, 5.6, 9.1(b), 11.5, 13.5 (b) ADA: §§3, 4.3	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §§4.3, 4.4, 4.5, 4.6 ADA: §4	Items 1, 11
h. Trademarks and proprietary information	FA: §§4.5, 14 ADA: §§4.4, 7.3	Items 13, 14
i. Restrictions on products & services offered	FA: §§4.4(a), 4.7, 4.8 ADA: None	Items 8, 16
j. Warranty and customer service requirements	FA: §4 ADA: None	Item 1
k. Territorial development and sales quotas	FA: §1.2 ADA: §2, 4	Items 1, 12

l. Ongoing product/service purchases	FA: §§4.6, 4.7, 4.8 ADA: None	Items 8, 16
m. Maintenance, appearance & remodeling requirements	FA: §§1.3, 3.2, 4.3, 4.4, 6 ADA: None	Item 17
n. Insurance	FA: § 11 ADA: None	Item 7
o. Advertising	FA: § 7 ADA: None	Items 6, 7, 11
p. Indemnification	FA: §§10.2, 11, 14.5 ADA: None	Item 13
q. Owner's participation/ management/ staffing	FA: §§4, 5 ADA: §§4, 7.4, 7.5	Item 15
r. Records/ Reports	FA: §§8, 9.3 ADA: None	Items 6, 11
s. Inspections/Audits	FA: §9 ADA: None	Item 17
t. Transfer	FA: §13 ADA: §1.7	Items 6, 17
u. Renewal	FA: §3 ADA: None	Items 6, 17
v. Post termination obligations	FA: §§4.9(f), 15 ADA: §1, 6	Item 17
w. Non-competition covenants	FA: §4.9 ADA: §7.3	Items 5, 17
x. Dispute resolution	FA: §§16.5, 16.7 ADA: §8	Item 17

ITEM 10. FINANCING

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

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Premium Business, We will:

1. Loan You a copy of Our confidential operating Manual, which contains mandatory and suggested specifications, standards, approved suppliers, required products and services, operating procedures, approved suppliers, and rules, in written and/or electronic form (Franchise Agreement, Section 4.4).

2. Conduct an initial training course for one person (Franchise Agreement, Section 5.1).

3. Advise and assist You in opening Your Premium Business and be available to assist with its operations for as long as reasonably needed, in Our opinion (Franchise Agreement, Section 4.1).

B. Post-opening. During the operation of Your Premium Business, We will:

1. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 5.5).

2. Develop and administer at Our discretion advertising and promotion programs designed to promote the collective success of all Premium Businesses (Franchise Agreement, Section 7.1).

3. Make available any revisions and/or updates to Our confidential operating Manual when available (Franchise Agreement, Section 4.4).

4. Administer the System Marketing Fund (“Brand Fund”), once established (Franchise Agreement, Sections 7.3 and 7.4).

5. Deposit Marketing Fund Fees received into a separate account (Franchise Agreement, Section 7.3).

6. Make periodic inspection calls or visits to Your Premium Business as We deem advisable (Franchise Agreement, Section 9.2).

7. Include information about Your Premium Business on Our Website and set up relevant business presence for Your Premium Business on the internet (Franchise Agreement, Section 4.12 and Section 7.9)

C. Site Selection.

You may select the trade area for Your Premium Business with Our prior written approval. We will provide Guidelines and procedures for selection as part of Your Initial Training. (See Training Table below.)

You should have located and obtained Our approval for the location of Your Premium Business within three (3) months after execution of the Franchise Agreement or the Preliminary Agreement if such is required. If You have not done so but have been duly diligent and acting in good faith under the circumstances, We will grant You an extension, after which the Agreement will be considered as abandoned and canceled. We may terminate the Franchise Agreement (or Preliminary Agreement if executed) with no refunds if You have not obtained an approved site within three months or by the granted extension.

We will consider as part of area approval a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity and traffic patterns of the area. We will use reasonable efforts to make a decision within 30 days after We acknowledge receipt of a complete site information form and any other materials we have requested. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. We do not generally own the premises and lease it to franchisees.

D. Time Before Opening.

We believe that based upon Our management's experience, You should typically open a Premium Business within three (3) to six (6) months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a good location, financing arrangements, acquiring necessary permits and licenses, procuring insurance, and shipping and delivery logistics. You must open Your Premium Business within twelve months of signing the Franchise Agreement unless We extend the time in writing. Failure to open within the specified time period is a breach of the Franchise Agreement and Your Franchise Agreement can be terminated. (Franchise Agreement Section 1.4)

You may operate Your Premium Business from a home office and are not required to obtain a separate business location. However, if You lease the site for Your Premium Business, You must submit the proposed lease to Us approval before signing it. As a condition of Our approval, the lease must have provisions required by Section 6.3 and Section 15.5 of the Franchise Agreement (Exhibit B). You must send Us a copy of the signed lease within ten (10) days after You signed it.

You are responsible for conforming premises to building codes and local ordinances. You must adhere to Our standards and specifications for the construction and design of the Premium Business. You may not open Your Premium Business without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual and the installation of all equipment, fixtures, furnishings, and signs included in the plans and specifications approved by Us. You will be solely responsible for all hiring and employment decisions and functions relating to Your Premium Business.

If You enter into an Area Development Agreement, You are responsible for securing sites We find acceptable and within the deadlines of the Development Schedule. If you fail to meet a deadline in the Development Schedule, You will be in default, and We may terminate the Area Development Agreement.

E. Advertising.

We will develop marketing promotional and advertising programs designed to promote PREMIUM TERMITE AND PEST CONTROL Businesses. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We may also use incentives and product awareness campaigns in advertising and promotions. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors. You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval typically takes between ten (10) and thirty (30) days.

All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your Territory and that Your advertising must be approved by Us as stated above. You may not develop, own, or operate any website, webpage, domain name, email address, or otherwise maintain a presence or advertise on the Internet or other public computer network in connection with the Premium Business, unless We provide Our prior written approval. If such approval is granted by Us, You shall establish and operate such Internet site in accordance with Our standards and policies as set forth in the Manual or otherwise in writing from time to time. You must require Your employees to adhere to the social media policies as well. You must participate in Our online marketing campaigns, Gift Card programs, Customer Loyalty programs and similar marketing programs as they are developed.

Local Advertising.

You are required to spend the greater of two percent (2%) of Your Premium Business's Gross Revenues or $1,000 each month for approved local advertising and promotion of Your Premium Business in its trade area. You must submit confirmation of Your Local Advertising expenditures following the procedures and timing requirements designated in the Manual.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Premium Business is located, You must join, actively participate in and contribute to the Ad Co-op. The Ad Co-op may also serve as a means of exchanging ideas, sharing information and problem solving.

The Franchise Agreement gives Us the power to require Ad Co-ops to be formed, changed, dissolved, or merged. We will determine the area of each Ad Co-op. You must contribute to the Ad Co-op as We designate, which is in addition to your contributions to the system wide Brand Fund discussed below. Payments to the Ad Co-op will be applied to your Local Marketing obligation. The Ad Co-op members may agree to additional funding in accordance with its established Bylaws.

Each Ad Co-op will be organized and governed in a form and manner and will operate according to written governing documents, all of which must be approved in advance by Us. We will oversee each Ad Co-op. If You are in default of the Franchise Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements, and these will be available to You upon request. We have the right to form, change, dissolve, and merge any Ad Co-op and to create and amend any organization and governing documents of any Ad Co-op in our sole business judgment.

Marketing Fund.

After more Premium Businesses are open and operating, We plan to establish a **Marketing Fund** to be used to promote all Premium Businesses and the PREMIUM TERMITE AND PEST CONTROL brand. We will also set the initial contribution rate at that time, which may be less than the maximum rate. You must then contribute to the Marketing Fund, as specified in the Manual. We will use these funds to develop, produce and administer marketing programs designed to increase sales for all Premium Businesses system wide. We will administer the Marketing Fund and spend Fund Fees only for the purposes described in the Franchise Agreement and follow the procedures contained in the Marketing Fund Policy described in the Manual.

Advertising may be in the form of print ads, radio, television or electronic media and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in-house advertising to create and place advertisements. All interest earned on monies contributed to the Marketing Fund will be used for the same purpose. Marketing Fund contributions will not be targeted to advertise or sell franchises.

The purpose of the Marketing Fund is to develop advertising and marketing programs that will benefit all Premium Businesses wherever located. We cannot ensure that the Marketing Fund's expenditures will be equally beneficial or proportionate to each Premium Business's contributions. We will account for monies in the Marketing Fund separate from Our other funds. Money from the Marketing Fund may be used to pay Us or an Affiliate for the reasonable salaries, administrative costs, travel expenses and overhead incurred by Us in the administration of the Marketing Fund and its programs. We will prepare an annual unaudited statement of monies collected and costs of the Marketing Fund and provide it to You upon Your written request. The Premium Businesses operated by the Company will contribute to the Marketing Funds at the same rate as Franchisees.

F. Computers; Computer Programs.

Your Premium Business must have a point of sale and computer system as specified in the Manual, which will operate Our currently approved software and allow You to participate in the Network. Your Premium Business must also have inventory and accounting programs, Internet access, a telephone number, and voicemail system as specified in the Manual. We may require You to upgrade or update Your equipment, such as the computers, other hardware, programs and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing and maintaining a broadband hook-up and other reasonably necessary utilities for Your Premium Business. You will be responsible for all ongoing computer maintenance, repairs and upgrades.

You will be required to use PestPac by Workwave for Your Premium Business. PestPac is an industry specific, cloud-based software that performs a number of functions, including CRM, scheduling, invoicing, accounts receivables, reports, and estimates.

You must use the PestPac system to complete all sale transactions, schedule appointments and provide sales, accounting, and inventory reports. You will pay the monthly license fee directly to Workwave and each Premium Business must have at minimum of two (2) licenses.

The monthly license fees are based on the number of active members in Your PestPac account, plus any additional services. The monthly license fee includes technology support. These amounts may increase, and We may change the CRM and software system in the future. You will be responsible for all ongoing maintenance and repairs. Workwave’s current monthly license fees are as follows:

One to five licenses are $135.00 each per month
Six to ten licenses are $125.00 each per month
Eleven to Twenty-five licenses are $105.00 per month.

We will have independent access to the information that will be generated or stored in Your Business' PestPac system, such as financial and marketing information. You will provide Us with login information, and it will be a material default of the Franchise Agreement if We are denied access to Your PestPac account. There are no contractual limitations on Our right to access this information.

All Premium Businesses must use Our toll-free number to conduct business. Currently, We use Voice for Pest, a brand of Affiliated Technology Solutions, as Our telephone system. Voice for Pest is a system designed for the Pest Management Industry and routes customers calls to the appropriate franchisee based on zip codes and to Your designated local phone number.

You will pay the monthly license fee directly to Voice for Pest and each Premium Business must have at minimum two (2) licenses. The initial set up fee for two licenses is $200 and additional licenses are $25.00 each. The monthly license fee for two licenses is $65.00 and additional licenses are $30.00 each. If you elect to rent a desk phone they are $5.00 each per month. These amounts may increase, and We may change the phone system in the future.

Each Premium Business must have a minimum of two (2) proprietary email addresses to conduct business. We will provide You with business email accounts using Our domain name. Our current monthly fee for each email address is $7.00.

You must use Quickbooks Online or another comparable program for accounts payable and financial reporting. The current monthly license fee for Quickbooks Online is between $40.00 and $80.00, but that may change at any time. You will be responsible for all ongoing maintenance and upgrades.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at $1,500 to $5,000 though some Franchisees will already own sufficient equipment prior to starting their Premium Business, therefore not requiring them to purchase any equipment upfront. You must maintain your computer equipment and software. Your annual maintenance costs are estimated at $100 to $750. The purchase and maintenance costs of the equipment can vary depending on the size of Your Premium Business.

If We establish an online management and communication system for Premium Business Operations, You must participate fully with its requirements as stated in the Manual. None of the above are proprietary properties of Us or Company, and We are not obligated to provide or assist You in obtaining the above items or services.

G. Confidential Manual.

You may review Our Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. (**Exhibit D**)

H. Training.

Our Initial Training Program consisted of the following general content with a duration of approximately 1 to 2 weeks according to the following general outline:

TRAINING PROGRAM

SUBJECT	**LOCATION**	**AMOUNT OF TRAINING On the Job / Classroom**	
Introduction (History, Mission, Vision)	Headquarters, Long Beach, CA	None	4 hours
Office and Administration	Headquarters, Long each, CA	None	16 hours
Marketing	Headquarters, Long Beach, CA	None	4 hours
Principles of Termite and Pest Control	Headquarters, Long Beach, CA	None	8 hours
Field Training	At a Premium Business	40 Hours	None

NOTES:

(1) The above description reflects the typical content, schedule of the Initial Training Program. The location of Your training is expected to be at an existing Company Premium Business in the Los Angeles County, CA area and will include some shadowing of Headquarters staff members.

NOTES CONTINUED:

(2) You and/or Your Designated Operator must attend and successfully complete the Initial Training. We may terminate the Franchise Agreement for failure to successfully complete this training course. We do not charge a training fee for one (1) person. If You want Us to provide Initial Training to additional people, You must pay Us the then-current charge (presently $1,000 per person). You are responsible for all trainee costs while attending the training, including the costs of transportation, lodging, meals, and wages.

(3) We expect You to successfully complete the Initial Training and open Your Premium Business within 3 to 6 months thereafter. These training courses are expected to occur several times each year. You will be responsible for paying all of Your personnel's travel, lodging and food costs.

(4) Our instructors will include Trainers and Training Managers, each of whom have a minimum of two years of experience in the termite and pest control industry and related systems. Training Managers include Jason Fiala who has twenty-five years of related experience and Joey Hiatt who has eighteen years of related experience.

(5) The materials used in the Initial Training in addition to other training and business optimization materials, such as instructional videos, online training and how-to guides. The materials used in Our Initial Training are the Manual and other materials such as various videos. We may modify and/or add to Our training programs at any time for the purposes of improving the System.

(6) The actual hours required for Initial Training will depend on a variety of factors, including the trainee's prior experience in certain applicable areas and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.

(7) As We deem necessary, We may require that You and Your personnel attend additional training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training currently $500 per day per person. You may be required to pay for all travel, lodging and food costs for You and Your personnel to attend. We expect that additional training will be conducted at Our headquarters and will be one or two days in duration and cover changes in Your Premium Business, the Products, and System procedures.

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ITEM 12. TERRITORY

You will have the right and obligation to operate and maintain Your Premium Business within a designated geographic area as described in this ITEM 12 (Your "**Territory**") and as approved by You and Us in advance. You are not entitled to conduct business outside this area or open up another Premium Business without Our written consent, which is at Our sole discretion.

You will not receive an exclusive territory and You may face competition from other franchisees, from outlets that We own, or from other channels of distribution or competitive brands that We control. We reserve all rights not expressly granted in the Franchise Agreement.

You and We will agree upon the location and size of Your Territory based on numerous factors including, but not limited to, the population density, natural boundaries and demographics of the area, and other considerations. Your Territory will generally be defined as a county, but it may be smaller or larger depending on the density of population in the area.

You maintain rights to Your Territory even though the population increases, and Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or any other contingency, and it will not be altered except by mutual consent. There is no minimum sales quota. The Franchise Agreement will not grant You any options, rights of first refusal or similar rights to acquire additional franchises within Your Territory or contiguous areas.

We have the sole and exclusive right to produce, license, distribute and market products using Our principal marks or other marks (such as prepackaged products and beverages; books; clothing, souvenirs, and novelty items) through any outlet anywhere and through any distribution channels (such as Internet, catalog sales, telemarketing or other direct marketing). You will not receive any of these rights. We are not required to pay You for soliciting or accepting orders from inside Your Territory if we exercise any of these rights.

Except for any applicable protection You have in Your Territory, the Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or affiliate-owned businesses or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than PREMIUM TERMITE AND PEST CONTROL. Neither We nor any Affiliate has established or presently intends to establish businesses under a different trade name or trademark, but We reserve the right to do so.

You must receive Our approval before relocating or expanding Your Premium Business. Any request to relocate or expand Your Premium Business area will be either approved or denied within 90 days of Our receipt of all relevant information. We may approve the relocation or expansion of Your Premium Business area in certain limited circumstances, such as loss due to condemnation, eminent domain, destruction, or loss of Your rights for reasons not caused by You.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your Territory, and You may not maintain any Website or any presence on the Internet without Our prior written consent. Your advertising must be approved by Us, as stated in Item 11 above.

Area Development Agreement.

During the term of an Area Development Agreement, We will not license or allow any other party to open a PREMIUM TERMITE AND PEST CONTROL Business within Your Development Territory except pursuant to the first refusal rights contained in Your Franchise Agreement.

If You materially breach the Area Development Agreement and it is terminated, We will have full rights to franchise other parties to operate Premium Businesses within what was Your Territory or to operate Premium Businesses Ourselves within that Development Territory.

If before the end of the term You have opened all of the Premium Businesses required by the Area Development Agreement and We decide that one or more additional Businesses should be developed within Your Territory, You will have the right of first refusal for the additional Premium Business(s). If We acquire a chain of pest control businesses with the intention of converting them to businesses using Our Marks, You will have a right of first refusal to purchase and convert any of those businesses within Your Territory.

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ITEM 13. TRADEMARKS

You will receive the right to operate a Premium Business using Our Marks. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your Premium Business. You may also use other current or future Marks as We designate to operate Your Premium Business. The applications for registration of the following Marks have been applied for on the United States Patent and Trademark Office (“USPTO”) Principal Register:

MARK	DATE	APP. #
FUN CARE LIFELONG RELATIONSHIPS COMPASSION PREMIUM TERMITE & PEST CONTROL	1/15/21	97221578
PREMIUM TERMITE & PEST CONTROL FUN, CARE, COMPASSION, LIFELONG RELATIONSHIPS	1/15/21	97221578

We own the above Marks and PREMIUM TERMITE & PEST CONTROL™. We do not have a federal registration for Our principal trademarks. Therefore, Our trademarks do not have as many legal benefits and rights as a federally registered trademark. If Our right to use the Marks are challenged, You may have to change to an alternative Marks, which may increase Your expenses.

You must follow Our rules when You use any of Our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques or otherwise in connection with a website or social media site, except as We license to You. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time. No agreements that limit Our right to use or franchise the use of the Marks.

All required affidavits have been filed. We do not know of any infringing uses that could materially affect Your use of the Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You must notify Us immediately after learning about an infringement of or challenge to Your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements. We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us and used properly by You.

We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. You must not contest Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVDs and CDs, emails, and confidential information. Although We have not made a copyright filing for the Manual, training materials, teaching curriculum, advertising materials and other written materials, We claim a copyright and the information is proprietary and confidential and may only be used as provided in the Franchise Agreement. The Manual will remain Our sole property. You must keep in a secure place on the Premium Business premises.

In association with Your Premium Business, We will provide You with information that is confidential and proprietary to Us, which may include Our trade secrets. Included in this, without limitation, is Our business technology, knowledge of the System, equipment suppliers, location acquisition criteria, service agreements, techniques, sales strategies, best practices, and all contents of the Manual. You agree to at all times maintain strict confidentiality of all such information.

This confidentiality requirement will survive the termination or natural end of the Franchise Agreement and Your Premium Business. You expressly agree not to use any of Our confidential and/or proprietary information for any other business or other manner not expressly approved by Us in advance and in writing. You or Designated Operator may divulge confidential information only to those employees who must have access to it to operate Your Premium Business. The Manual may not be copied, recorded or otherwise reproduced without Our prior written consent.

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

You or Your Designated Operator, who has successfully completed Our Initial Training program, must directly supervise, and participate in the actual day-to-day operation of the Premium Business.

Your Premium Business must at all times have a manager approved by Us and certified as designated in the Manual. You must take steps necessary to ensure that Your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and are properly trained. You and Your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from Our name and goodwill. You will be solely responsible for all employment decisions and functions of the franchised location, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees. You must comply with the rules and regulations of the California Structural Pest Control Board, or corresponding agency or board in any other state, in operating Your Business.

If You are a legal entity, We do not require that Your Designated Operator own an equity interest in such entity. Neither You nor Your Designated Operator may have an interest or relationship with any of Our business competitors, unless otherwise approved by Us in advance and in writing. We may require Your officers, directors, executives, members, managers, shareholders, partners, employees, and owners to sign a non-competition agreement provided by Us. If You are a legal entity such as a corporation, partnership, or limited liability company, one of Your owners must be approved by Us to be Your full-time representative. All of Your owner(s) must personally guarantee the Franchise Agreement and if applicable the Area Development Agreement. We have the right to approve all owners and any future owners.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those services and products that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. You must obtain Our prior written approval for any other products and services to be offered by Your Premium Business. You may not offer or sell any products or services through the Internet or other online programming or marketing without Our prior written consent. If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual. We may change the types of authorized products and services that You must offer from Your Premium Business. There are no limits on Our right to make such changes. If You propose an additional product or service, You must submit it to Us for approval before offering it in Your Premium Business. We may approve it initially for testing only. All proposals approved by Us will become Our property.

Except as described above and in ITEM 8, You are not restricted by the Franchise Agreement, or any other requirement imposed by Us relating to the products or services you may offer or sell and/or the customers to whom You may sell.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Section	Summary
a. Initial Term.	FA: §3.1	Initial term of Franchise is 10 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for four additional 5-year periods if certain conditions are met. "**Renewal"** may require You to sign an agreement with materially different terms and conditions than Your original agreement.
c. Requirements for renewal or extension.	FA: §3.2	6-12 months notice; no defaults during last 12 months; material and timely compliance with franchise during initial term; satisfied all monetary obligations owed to Us, Our affiliates, and Your suppliers; completed all required additional training; made all requested changes in operating personnel; modernized the Premium Business and other equipment; pay a renewal fee; sign then-current Franchise Agreement, which may contain materially different terms and conditions than your initial Franchise Agreement; and sign a general release.
d. Termination by You.	FA: §15.2	
e. Termination by Us without cause.	None	
f. Termination by Us with cause.	FA: §15.1	We can terminate only if You default.
g. "Cause" defined as defaults which can be cured.	FA: §15.1	You have 30 days after notice to cure defaults (except defaults in payment to Us, in which case You only have five days to cure after notice). Includes defaults in other franchise agreements with Us. No cure period for default repeated twice within any twelve-month period.

h. "Cause" defined as defaults which cannot be cured.	FA: §15.1	Non-curable defaults: Failure to open in specified time period, failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, violation of health and safety laws, conviction of crime involving moral turpitude, failure to obtain consent to transfer rights, or repetition of a default within any 12-month time period.
i. Obligations on termination.	FA: §15.3	Immediate obligations include no more use of telephone numbers, trademarks, or proprietary information, delete or assign to Us telephone listings, websites and social media pages, remove all Marks, return Our manuals and all other confidential materials, pay all amounts due to Us, and de-identify the Premium Business.
j. Assignment of contract by Us.	FA: §13.3	No restriction on Our right to assign.
k. "Transfer" by You-definition.	FA: §13.4	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §13.4	We have the right to approve all third-party transfers but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §§13.4, 13.5	No default, assets of the Premium Business in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire Your Premium Business.	FA: §13.7	We can match any offer for Your franchised Premium Business.
o. Our option to purchase Your Premium Business.	FA: § 15.5	We may purchase Your Premium Business assets at fair market value if the agreement is terminated.
p. Your death or disability.	FA: § 13.6	Approval by Us of heir or sale within six months to an approved buyer.

q. Non-competition covenants during the term of the franchise.	FA: § 4.9	No interest in a pest control business or similar business offering the same or similar products and services to those sold in a PREMIUM TERMITE & PEST CONTROL business ("**Similar Business**") without Our advanced written approval. These provisions may be subject to applicable state law.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: § 4.9	No interest in any Similar Business for 2 years within 30 miles of Your Territory or any other Premium Business. These provisions may be subject to applicable state law.
s. Modification of the agreement.	FA: § 16.12	Only written and signed modifications but Manual subject to change.
t. Integration/ merger clause.	FA: § 16.11	The agreement between the parties is limited to the agreement and other documents referred to therein. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA: § 16.5	Except for certain claims, all disputes must be arbitrated in Los Angeles County, California. These provisions may be subject to applicable state law.
v. Choice of forum.	FA: § 16.5	Except for injunctions filed by Us, any arbitration or litigation must be in Los Angeles County, California. These provisions may be subject to applicable state law.
w. Choice of Law.	FA: §§16.5, 16.7	The Franchise Agreement will be interpreted and construed under the laws of the State where Your Premium Business is located. The Lanham Act shall also apply to provisions concerning trademarks, trade names, services marks, slogans, copyrights, designs, emblems, logos, trade dress, trade secrets and commercial symbols. These provisions may be subject to applicable state law.

This table lists important provisions of the Area Development Agreement ("ADA"). You should read these provisions in the ADA attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	ADA: §6	Initial term is mutually agreed between You and Us.
b. Renewal or extension of the term.	ADA: §6	None
c. Requirements for renewal or extension.	None	
d. Termination by Franchisee.	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	ADA: §§1.5, 7	We can terminate only if You default or fail to meet the Development Schedule or if You are in default under any Franchise Agreement with Us and fail to cure such defaults. The termination of the ADA will have no effect on any franchises previously issued to You.
g. "Cause" defined as defaults which can be cured.	ADA: §7	You have 30 days after notice to cure defaults. Such cause includes defaults in other Franchise Agreements with Us.
h. "Cause" defined as defaults which cannot be cured.	ADA: §7.2	Non-curable defaults: Failure to meet deadlines in Development Schedule.
i. Obligations on termination.	ADA: §1.4	No further rights or obligations.
j. Assignment of contract by Us.	ADA: §1.6	No restriction on Our right to assign.
k. "Transfer" by You- definition	ADA: §1.5	No transfers allowed.
l. Our approval of transfer by franchisee.	ADA: §1.5	No transfers allowed.

m. Conditions for Our approval of transfer.	None	No transfers allowed.
n. Our right of first refusal to acquire Your Premium Business.	None	
o. Our option to purchase Your Premium Business	None	
p. Your death or disability.	None	
q. Non-competition covenants during the term of the franchise.	ADA: §8.3	No Competitive Interest in a business similar to or competitive with a PREMIUM TERMITE & PEST CONTROL business.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	None	
s. Modification of the agreement.	ADA: §9.1	Only written and signed modifications.
t. Integration/ merger clause.	ADA: §9.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	ADA: §9	Except for certain claims, all disputes must be arbitrated in the county where Our headquarters are located (“Home County”), currently Los Angeles County, California. These provisions may be subject to applicable state law.
v. Choice of forum	ADA: §9	Except for certain claims, all disputes must be arbitrated in the county where Our headquarters are located (“Home County”), currently Los Angeles County, California. These provisions may be subject to applicable state law.
w. Choice of Law.	ADA: §9	Law of the State where most of the Area is located. These provisions may be subject to applicable state law.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises but may do so in the future.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representation 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 Jason Fiala at 3916 Conquista Ave., Long Beach, CA 90808; tel: (888) 760-7378, the Federal Trade Commission and the appropriate state regulatory agencies.

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ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE OUTLET SUMMARY
For Years 2022-2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at of the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	1	+1
	2023	1	1	0
	2024	1	2	+1
Company - Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	2	+1
	2023	2	2	0
	2024	2	3	+1

Note: Our Fiscal Year ends September 30th. Our Affiliate operates Company location(s).

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
For Years 2022-2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2022	0
	2023	0
	2024	0

Table No. 3
STATUS OF FRANCHISED OUTLETS
For Years 2022-2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
California	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Total	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2

Table No. 4
STATUS OF COMPANY OUTLETS
For Years 2022-2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5
PROJECTED OPENINGS
AS SEPTEMBER 30, 2024

State	Franchise Agreements Signed But Outlets Not Opened	Projected Franchised New Outlets In The Next Fiscal Year	Projected Company Owned Outlets Opening In Next Fiscal Year
California	0	1	0
Totals	0	1	0

We do not have any former franchisees and Our current franchisee is listed in Exhibit G. During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees. If You buy this franchise, Your contact information may be disclosed to other buyers when You leave the franchise system. We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with Our System and no such association has asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statement dated September 30, 2024, September 30, 2023, and September 30, 2021, are attached as **Exhibit F.** Our fiscal year end is September 30. The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

A. Preliminary Agreement
B. Franchise Agreement with Exhibits
C. Area Development Agreement
D. Confidentiality Agreement

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit H** at the very end of this disclosure document. It is important that You sign, date, and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us.

Exhibit
A

PRELIMINARY AGREEMENT

DATE: ______________, 202__

TO: ____________________ ("**You**" or "**Your**")

FROM: Premium Franchise Corp. ("**Us**", "**We**" or "**Our**")

1. Franchise Approval. (a) You have requested Us to approve and grant one **PREMIUM TERMITE & PEST CONTROL** franchise for a Business ("**Business**") to be operated within the area described below:

____

(b) This Preliminary Agreement is binding upon both parties.

(c) We have approved Your franchise request and commit to You that We will issue a Franchise Agreement for the Business subject to fulfillment of and compliance with all of the terms and conditions specified within this Preliminary Agreement.

2. Franchise Disclosure Document. You hereby acknowledge receipt of Our current Franchise Disclosure Document (dated _______________, 202__) at least fourteen (14) business days prior to Your submission of this Preliminary Agreement.

3. Deposit; Refunds. You are delivering to Us upon execution of this Preliminary Agreement Your check in the amount of $10,000 as a deposit against the initial franchise fee. You understand and agree that this deposit and the initial franchise fee are NOT REFUNDABLE in whole or part under any circumstances.

4. Financial Terms of the Franchise. Your Franchise Agreement will contain the following financial terms:

Initial Franchise Fee	$35,000
Monthly Royalty Fee	7% of Gross Sales
Local Marketing	Greater of $1,000 or 2% of Gross Sales
System Marketing Fund Fee	(In future) up to 2% of Gross Sales
Technology Fee	Currently, $100.00 per month
Business Email Fee	Currently, $7.00 per email address monthly
Renewal Fee	25% of current initial Franchise Fee
Transfer Fee	$10,000
Term	10 Years plus 4 five-year options

5. Conditions. You agree that issuance of a PREMIUM TERMITE & PEST CONTROL franchise is subject to the satisfaction of each of the conditions set forth below:

(a) Written approval by Us of Your plans and specifications for Your Business;
(b) Area ("**Territory**") where Your Business will be available to the public;
(c) Your purchase of all items designated and approved by Us from a supplier approved by Us;
(d) Approval by Us of any legal entity proposed by You;
(e) Successful completion of PREMIUM Termite and Pest Control training by You or a Designated Operator approved by Us;
(f) Execution of the then-current form of franchise agreement following completion of training and before Business operation;
(g) Payment by You of the balance of the initial franchise fee upon execution of the franchise agreement;
(h) Your satisfactory performance and cooperation pursuant to this Agreement; and
(i) You have met specific conditions of approval specified below (if any):

____

7. Franchise Application. Your approval by Us is materially based on the information submitted by You in the Franchise Application, which is attached hereto and incorporated herein by reference. All information furnished by You to Us is true, correct and accurate in all material respects and there have been no material omissions in such information. You agree to notify Us in writing immediately of any material change in the financial or other information furnished by You to Us.

8. Confidential Information and Trade Secrets. You agree on behalf of Yourself and Your employees and other representatives to maintain strict confidentiality with regard to all confidential information and trade secrets which are disclosed to You in connection with the sale of a PREMIUM TERMITE & PEST CONTROL franchise and in training You or Your employees to operate the Business. You further agree to sign and have each of Your employees who will receive training to sign a Confidentiality Agreement in the form attached to this Agreement and to deliver the same to Us before training commences.

9. Legal Entity; Personal Guaranty. (a) If Your Franchise Agreement is to be signed by or assigned to a corporation or other legal entity, all record and beneficial owners of the legal entity must be approved by Us and must execute a personal guaranty of the Franchise Agreement. Any exceptions to this requirement must be in writing signed by Our President.

(b) You agree to notify Us in writing of any intention to transfer the franchise to a legal entity at least thirty (30) days in advance of any such proposed transfer and to furnish Us with the necessary documents required by the Franchise Agreement and Us.

11. Specific Understandings by You. You specifically acknowledge and agree as follows:

(a) Execution of this Agreement does not constitute the grant of a franchise, and You will be entitled to execute the PREMIUM TERMITE & PEST CONTROL Franchise Agreement only if and when all conditions of this Agreement have been met.

(b) Any other commitments by Us must be approved in writing and signed by an authorized corporate officer.

(c) We have authorized no one to make or agree to any oral modifications to the terms of a PREMIUM TERMITE & PEST CONTROL franchise agreement or to make any projections or estimates about the future earnings, sales or profits of any PREMIUM TERMITE & PEST CONTROL Business. Any such statements are acknowledged to be unreliable and have not been considered in connection with this Agreement or the purchase of any PREMIUM TERMITE & PEST CONTROL franchise.

* * * * * * * * *

IN WITNESS WHEREOF, the parties have executed this Preliminary Agreement on the date set forth above.

You: Signature: ________________________________

Name: ________________________________
Authorized Officer

Name of Entity: ______________________

US:

PREMIUM FRANCHISE CORP.

By: ________________________________
Jason Fiala, President

CONFIDENTIALITY AGREEMENT

The undersigned Employee of_____________________ ("**Employer**"), which has applied for a PREMIUM TERMITE & PEST CONTROL franchise from hereby agrees that he or she shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a PREMIUM TERMITE & PEST CONTROL Business; provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives **("Innovations**") at any time during, and for a period of one year after employment in a PREMIUM TERMITE & PEST CONTROL Business. All such Innovations will be deemed the sole and exclusive property and works made-for-hire for Premium Franchise Corp. (the "**Franchisor**"). The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and the Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Employer, including without limitation PREMIUM TERMITE & PEST CONTROL Confidential Manual.

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: _____________________, 202__

Print Name:______________________________

Signature: ______________________________

("**Employee**")

Exhibit
B

PREMIUM TERMITE AND PEST CONTROL™

FRANCHISE AGREEMENT

PREMIUM FRANCHISE
SUMMARY OF SPECIFIC TERMS

Franchisee Entity Name:__________________________________

Names of Principals: ____

Type of Your legal entity: __ Corporation __ Limited Liability Company ("LLC")
State: __________________

Section 1.1:	Your PREMIUM Franchise Number: ______ Address: ____
Section 2.1 (a):	Initial Franchise Fee: $35,000
Section 2.1 (b):	Royalty Fee percentage: seven percent (7%)
Section 2.1(d):	Technology Fee, currently $100.00
Section 2.1(3)	Business Email Fee, currently $7.00 per email, minimum of 2 required.
Section 3.2 (a):	Renewals: four additional 5-year terms, subject to conditions
Section 3.2 (i):	Renewal Fee: 25% of then current Initial Franchise Fee
Section 4.2:	Name of Designated Operator: ____________________________
Section 7.2:	Local Advertising: two percent (2%) of Gross Revenues or $1,000 each month, whichever is greater.
Section 7.3	System Marketing Fund percentage: up to two percent (2%)
Section 13.2	Name of Authorized Agent: ______________________________
Section 13.5	Transfer Fee: $10,000
Section 16.5(a)	Venue: Los Angeles County, California
Section 16.8	Your Address for Notice:__________________________________

Attachment 1 Protected Territory: ____

Your Initials: _____ **Our Initials: _____**

PREMIUM TERMITE AND PEST CONTROL
FRANCHISE AGREEMENT
TABLE OF CONTENTS

FRANCHISE AGREEMENT

PREMIUM TERMITE AND PEST CONTROL
FUN, CARE, COMPASSION, LIFELONG RELATIONSHIPS™

THIS AGREEMENT dated as of _____________ 202__ ("**Effective Date**") is between PREMIUM FRANCHISE CORP., a California corporation ("**We**", "**Us**" or "**Our**"), and _________________________ ("**You**" or "**Your**"), and the Principals identified on the signature page of this Agreement ("**Principals**"). See SUMMARY OF SPECIFIC TERMS incorporated herein by reference. Terms in boldface herein are for ease of reference only.

RECITALS:

A. We own the exclusive rights to offer and sell franchises ("**Franchises**") for the operation of approved termite and pest control businesses (each referred to herein as a "**PREMIUM Business**") using the name and trademark PREMIUM TERMITE & PEST CONTROL™, PREMIUM TERMITE & PEST CONTROL: FUN, CARE, COMPASSION, LIFELONG RELATIONSHIPS™ and other approved trademarks (the "**Marks**") and following a system of operation ("**System**") which was developed and used by Us and Our commonly owned companies which operate and market their Businesses (collectively, the "**Company**").

B. You desire to purchase a PREMIUM TERMITE & PEST CONTROL: FUN, CARE, COMPASSION, LIFELONG RELATIONSHIPS™ franchise (**"PREMIUM Franchise**") on the terms set forth in this Agreement and SUMMARY and to operate and market a PREMIUM Business, and We have approved You for a Franchise.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: GRANT OF FRANCHISE

1.1 Grant

Subject to the following terms and conditions, We grant to You a franchise to use the System and the Marks solely in direct connection with operation of a termite and pest control business to be operated by You at the following location: SEE SUMMARY.

1.2 Territorial Rights.

(a) We will not operate or authorize any other person to operate a PREMIUM Business within the geographical area specified in the **Attachment 1** to this Agreement (the "**Territory**") except as provided for in Subsection (b) below. Your Territory may be smaller than otherwise if We determine that Your PREMIUM Business is located within a "high density area", as defined below in subsection (c).

(b) Except for the foregoing, You and We agree that this franchise is non-exclusive and We reserve all other rights, including the right, directly or indirectly:

(i) To operate, and authorize others to operate, PREMIUM Business at any location and of any type or category whatsoever outside of the Territory;

(ii) To operate, and authorize others to operate a business under any name *other than* PREMIUM TERMITE & PEST CONTROL, PREMIUM, at any location and of any type or category whatsoever;

(iii) To produce, license, distribute and market products and services using the Marks or other marks and through any outlet anywhere using the name PREMIUM TERMITE & PEST CONTROL or other marks through any other then established distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods. We are not required to pay You for soliciting or accepting orders from inside Your Territory; and

(iv) To operate or authorize operation at any location for which the lessor, owner or operator thereof has indicated its intent to limit the operation of facilities to itself or a master concessionaire and which site or location is either (A) within another primary business or (B) at an institutional setting such as a school, college, university, governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, sports arena or stadium.

(c) A "**high density area**", to be determined by Us in Our full discretion, is typically a densely populated commercial or residential area.

1.3 Site Selection and Relocation

(a) You must select a trade area for Your Premium Business that meets Our approval and follow the procedures set forth in Our Manual. We will provide You with site selection guidelines and assistance that We consider necessary and appropriate. You agree (i) that although We may have been involved in the site selection process for Your Business and approved its location, You have sole responsibility for selecting the above location for Your Business and (ii) that We make no warranty, representation or guaranty of any kind with respect to Your Business's location, success or profitability. You should have located and obtained Our approval for the location of Your Premium Business within three (3) months after execution of the Franchise Agreement or the Preliminary Agreement if such is required.

(b) After approval of the site, You agree to employ an architect, designer and other necessary persons to revise the plans as needed for Your site. Except as may be expressly provided in the Manual, no changes of any kind in design, equipment or decor will be made in, on or about Your Business premises without Our prior written approval in each instance. In any event, You must obtain Our prior approval of the final plans and specifications for Your Business before submitting them to any landlord, property owner, or governmental agency and/or before beginning the construction or remodel.

(c) You will not relocate Your Business without Our prior written consent. We will consent to a relocation to an alternative, pre-approved location under limited circumstances only, such as loss of the location due to condemnation, eminent domain destruction, loss of Your right of possession for reasons not caused by You, or a very substantial and detrimental change in the business potential and character of the location. If We consent to the relocation of Your Business, You must comply with such reasonable site selection and construction procedures as We may require. You will be solely responsible for the expense of any such relocation and will pay Us a reasonable fee for Our services in connection with such relocation. You will be fully responsible for closing the prior location and must comply with Section 15.3 below regarding de-identification.

1.4 Opening Date

You must open Your Business and commence business within twelve (12) months following the Effective Date of this Agreement, unless We grant You an extension in writing. You may not open Your Business without Our prior written consent and satisfaction of all pre-opening obligations and the installation of all equipment, furnishings and signs included in the plans and specifications approved by Us. Your failure to open the Business in full compliance with these provisions will be a material event of default under this Agreement, and We may prevent You from opening Your Business.

ARTICLE 2: FEES

2.1 Fees

You agree to pay Us upon signing of this Agreement or prior hereto:

(a) A non-refundable "**Initial Franchise Fee"** in the amount specified in the SUMMARY, as payment for fully earned services rendered prior to the opening of the Business;

(b) A monthly "**Royalty Fee**" in the amount specified in the SUMMARY as payment for the continuing right to use the System and Marks in accordance with this Agreement, and not in exchange for services rendered by Us;

(c) In the future when We determine that the System has grown to an appropriate size, a "**System Marketing Fund Fee”** designated by Us and to be applied as described in Section 7.3 below; and

(d) A monthly “**Technology Fee”** as specified in the SUMMARY.

(e) A monthly “**Business Email Fee**” as specified in the SUMMARY. You must have a minimum of two email addresses for Your Business.

2.2 <u>No Fees Refundable</u>

You agree that these Fees are not refundable in whole or part under any circumstances and have been fully earned by Us by the grant of this franchise.

2.3 <u>Payment of Fees</u>

(a) All Fees are due to Us at the times and in the manner that We specify from time to time in the Manual or otherwise. We currently require You pay Us the Royalty Fee, Technology Fee, Business Email Fee, and System Marketing Fund Fee no later than the third (3rd) day of each month or at such other time as may be designated in the Manual, such as without limitation weekly or daily transfers. If this deadline is a legal holiday where Your Business is located, payment must be made on the next business day. You must make payments in strict accordance with Our requirements, including EFT payments as described below. TIME IS OF THE ESSENCE regarding payment of such Fees.

(b) You agree to pay all such Fees to Us by direct transfer of funds (“**EFT**”) or other method of payment designated by Us. Such method of payment will be determined by Us in Our sole discretion and may be changed from time to time.

(c) You agree at Our request to furnish the information, execute forms, make arrangements and complete procedures as are reasonably necessary to establish direct EFT payments automatically from Your account(s) to the account(s) We may designate in order to pay directly such Fees within each payment period. Without limiting the foregoing, You specifically agree to obtain the necessary equipment used by the System to transmit sales and other polling information which will allow Us to cause such transfers to be made and You are required to give Us access to such equipment as set forth in Section 8.1. You further agree to maintain sufficient funds in Your account(s) to allow timely honoring of each payment to Us by Your bank or other financial institution. You hereby specifically authorize Us to make such direct transfers of the Fees so long as such transfers are limited to amounts computed with reference to sales information furnished by You, or if You fail to furnish such information, with reference to good faith estimates by Us.

(d) All fees due under this Agreement which are not paid when due will bear interest from and after their respective due dates at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. Any late payment of such Fees will be accompanied by a late payment administrative charge of $250.00.

2.4 Gross Sales

The term "**Gross Sales”** means the total of all cash or other forms of payment received for the sale of all services and products directly related to Your Business, and any and all other amounts which are received as compensation for any services rendered from Your Business. All amounts collected and paid out for sales taxes, selling or issuing system gift or loyalty cards and the proceeds from the sale of any furniture, fixtures or equipment previously used at Your Business are excluded from Gross Sales.

ARTICLE 3: TERM; RENEWAL

3.1 Initial Term

Subject to earlier termination, this Agreement has an Initial Term of ten (10) years ("**Initial Term"**). The Initial Term will commence on the date on which You first operate Your Business as a PREMIUM Business. You agree to send Us written notice of Your Business's opening date. You must during the Initial Term have the right to operate Your Business at the location specified in SUMMARY or at an alternative location approved in advance by Us in writing.

3.2 Renewal

You may renew this Agreement for terms as specified in the SUMMARY, so long as all of the following conditions have been met before the end of the then current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement, Area Development Agreement, or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must be in good standing as a PREMIUM Franchisee and be approved by Us operationally and financially;

(d) You must have paid all amounts owed to Us, Our affiliated companies (“**Affiliates**”), and Our approved suppliers (as defined in Section 4.8) and have timely paid all such amounts throughout the current term;

(e) We may send You a written notice of required changes to be made at Your Business, such as (i) additional training requirements, (ii) personnel changes and (iii) modernization of Your Business and its equipment, and/or redecorating Your Business and installing new signs and equipment to reflect the then current PREMIUM standards and image, in which case You must make all of such changes as and when requested by Us;

(f) You must have obtained an extension or renewal of Your Lease for the Business to cover the renewal term and delivered to Us a fully executed of such Lease.

(g) You must execute and deliver to Us Our then-current form of Franchise Agreement to apply to the renewal term, but in no event shall the term be longer than Your right to occupy the Business, which Franchise Agreement will contain the then-current Royalty Fee rate and System Marketing Fund Fee amounts required of new franchisees;

(h) You understand and agree that the form You execute may contain different financial terms and a revised description of Your Territory from the prior Franchise Agreement(s);

(i) You must pay Us a "**Renewal Fee**" as specified in the SUMMARY; and

(j) You must execute Our form of a general release of any and all claims against Us, the Company, Our Affiliates, and Our and their officers, directors, agents and employees.

3.3 Interim Period.

If You do not exercise Your right to renew this Agreement prior to the expiration of the Agreement, and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at Our option, this Agreement may be treated either as (i) expired as of the date of expiration with You then operating a franchise without the right to do so and in violation of Our rights, or (ii) continued as a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of its intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate. In the latter case, all of Your obligations and restrictions shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on You upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

ARTICLE 4: OPERATING SYSTEM AND PROCEDURES

4.1 Operations Assistance

We will at no additional cost to You advise and assist You in opening Your Business, including periodic visits by Our representative(s), to the extent We deem necessary.

4.2 Designated Operator

The individual named as specified in the SUMMARY as the Designated Operator must be an experienced termite and pest control professional with supervisory experience, who will devote his or her full time, best efforts and constant personal attention to the day-to-day operation of Your Business, with full authority to act on Your behalf and on behalf of the Principals with regard to the operation of Your Business (the "**Designated Operator**"). Unless You have received Our prior written consent, Your Designated Operator shall not engage in any other business. The Designated Operator must be at all times approved by Us and certified by Us as fully trained for operations. Certification and approval of the Designated Operator includes both the satisfactory completion of Our Initial Training Programs and working sufficient additional time in a Company-operated Business, as We deem necessary in Our sole discretion, to successfully develop and operate a PREMIUM Business. Any change in the identity of Your Designated Operator must be approved by Us in writing. Any failure to comply with this Section 4.2 will be a material breach of this Agreement.

4.3 Operation of Your Business

Unless You have received Our prior written approval to the contrary, You will:

(a) Keep Your Business open for business during the hours We specify;

(b) Operate Your Business in a clean, safe and orderly manner, providing courteous, first-class service;

(c) Construct, equip, and operate Your Business in accordance with all PREMIUM standards, policies, and procedures as may be established from time to time by Us, as stated in the Manual or other written communications from Us;

(d) Consistently maintain Your Business and conduct Your Business operations in compliance with all applicable laws, regulations, codes, insurance requirements and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to Your Business, including at all times having a fully licensed pest control Operator for Your Business;

(e) Comply with all health, safety and other laws applicable to the operation of Your Business, including the applicable state laws, rules, regulations and ordinances that apply to the operation of termite and pest control businesses and cure any deficiencies immediately after a governmental inspection and request another inspection as soon as possible thereafter;

(f) Maintain a competent, conscientious, trained staff and take any and all steps necessary to ensure that Your employees preserve good customer relations and comply with any dress code as may be established from time by Us, as stated in the Manual or other written communications from Us;

(g) You and Your employees must promptly handle all customer complaints, in a manner that will not detract from our name and goodwill (including comments or criticisms relating to any website or social media site You operate);

(h) Diligently promote and make every reasonable effort to increase the business of Your Business and participate in all promotional campaigns, special offers, and other programs, which are prescribed from time to time by Us;

(i) Advertise and Operate Your Business by the use of the Marks and any other insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or established from time to time by Us as stated in the Manual or other written communication from Us;

(j) Not establish or use any Internet or website for Your Business or otherwise use the Marks without Our prior written consent. Adhere to any social media policies that We establish require all of Your employees to do so as well;

(k) Prevent the use of Your Business for any immoral or illegal purpose, or for any other purpose, business activity, use or function which is not expressly authorized by this Agreement or in the Manual;

(l) Obtain and use only the equipment and technology required by the Manual, such as without limitation, a computerized point of sale cash collection system ("**POS System**") which among other things will allow us to poll information about Your Business, credit card and/or debit card system, computer equipment and related software and communications systems;

(m) Never manipulate or tamper with the POS System or CRM System without Our prior written approval; Maintain Our full and complete independent access to Your Point of Sales System or other accounting or CRM systems designated by Us;

(n) Keep current in all monetary obligations owed Us, Our Affiliates and Approved Suppliers; and

(o) You must only use email accounts provided by Us in connection with Your Business.

4.4 Confidential Manual

(a) We will give you access to Our Confidential Manual (the "**Manual**"). You agree to comply strictly with and perform all things required by the Manual, such as those dealing with the site selection, purchase and installation of approved equipment and performing services at for Your Business, adding new products and services, and maintenance and repair of Your Building's buildings, grounds, furnishings, fixtures and equipment, operating hours and days, employee uniforms and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations. You must at all times treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential.

(b) The Manual, as presently written and as We may in the future amend and supplement them from time to time, is incorporated into and made part of this Agreement by reference. All references to the Manual in this Agreement are to the Manual as most recently revised as of the relevant date and may be in the form of several manuals. The Manual may be in paper form or available in electronic form or a combination of both media.

(c) You agree that the purpose of the Manual is to provide a means of communicating to all Franchisees specific details of Our System which will enhance uniformity and conformity among all Businesses. You specifically agree that the Manual is an integral, necessary and material element of the System and that it will be necessary for Us, in order to maintain the high quality of the System and maximize its competitive position, to revise and update the Manual from time to time. We have the right at any time and from time to time, in the good faith exercise of Our reasonable business judgment, to revise, delete from and add to the materials contained in the Manual. You expressly agree to comply promptly with all obligations and changes to the Manual.

4.5 Confidentiality; Our Property

(a) You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except an employee of Yours required by his or her work to be familiar with such information.

(b) You agree to promptly disclose to Us all innovations whether or not protectable and whether created by or for You or Your owners or employees. All such innovations will be deemed our sole and exclusive property, and works made-for-hire for Us. We have the right to incorporate such innovations into the System.

(c) We will provide You with confidential and proprietary information and trade secrets, whether or not We designate such information as confidential, proprietary or a trade secret. Without Our prior written consent, You shall neither disclose the contents of such information to any person, except Your employees for purposes related solely to the operation of Your Business, nor reprint or reproduce such confidential or proprietary information or trade secrets in whole or in part for any purposes. You shall obtain agreements from Your employees prohibiting disclosure of any trade secrets or confidential or proprietary information.

(d) You agree to keep and respect all confidential information received from Us, to obtain from each of Your Business's managers and other employees an agreement to keep and respect all such confidences and to be responsible for Your employees' keeping this information confidential. A copy of the employee confidentiality agreement is attached hereto as **Attachment 2.**

(e) The Manual and all other confidential materials furnished to You are on loan only, will remain Our property, and You will return all copies of such documents to Us immediately upon the expiration or termination of this Agreement. The Manual may be in hard copy or electronic form and may include more than one volume.

4.6 Uniformity and Conformity

You agree that strict conformity by You with this Agreement, the System and the Manual, is vitally important to the collective success of all PREMIUM Businesses, including Your Business, because of the benefits You and other PREMIUM operators will derive from uniformity in identity, quality, appearance, facilities and service among all PREMIUM Businesses. Any material failure to adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

4.7 Products and Services

You agree to offer for sale from Your Business only the products and services expressly described in the Manual, unless You have received Our prior written consent to any exception. We have the right to make modifications to these items from time to time, and You agree to comply with any modification. No other product, brand or service other than those identified in the Manual will be offered or sold at or from Your Business without Our prior written consent in each case. You agree to submit to Us in writing any additional product, brand or service proposed by You for Us for Our consideration and final determination before You implement any such change. We may approve it initially for testing only. You understand and agree that at Our discretion any such proposal may be utilized on a test basis only, subject to the terms of a written test agreement. All proposals approved by Us will become Our property upon submission.

4.8 Approved Suppliers

(a) In order to assure uniformity and conformity among Businesses in the System, You agree to purchase all equipment, supplies, and products for sale at Your Business only from suppliers who are at that time approved in writing by Us as an approved supplier ("**Approved Supplier**"), which may include one of Our Affiliates. You acknowledge and agree that an Approved Supplier may be the only source for certain items. We and Our Affiliates have and reserve the right to retain 100% of all revenues received through license fees, promotional fees, advertising allowances, rebates or services paid by suppliers and to use them for whatever purposes elected.

(b) If You want to purchase any items from a supplier who is not an Approved Supplier, You will notify Us of such supplier, and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the costs involved in these approval procedures. You understand and agree that at Our discretion any such proposals may be utilized on a test basis only subject to the terms of a written test agreement. You agree to buy to the extent required by the

Manual any designated proprietary products, ingredients or equipment from Us or a designated supplier (which may be an Affiliate).

4.9 Your Covenants

(a) You agree that PREMIUM Businesses, including Your Business, must compete against similar businesses (as defined below) which may have far greater financial resources and may be better established in the pest control service industry. For purposes hereof, a "**Similar Business**" is any termite and pest control service or similar business which primarily offers for sale the same products as offered and sold by PREMIUM Businesses at that time.

(b) Therefore, You agree on behalf of Yourself and each and every person with an ownership interest in Your Business ("**Owner**") to take all necessary action to assure compliance throughout the term of this Agreement with the requirements of this Section 4.9 and the other Sections in this ARTICLE 4, including obtaining and delivering to Us a written agreement from each such person that he or she agrees to each of the covenants set forth in this Section 4.9.

(c) Neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business without Our prior express written consent.

(d) Neither You nor any Owner will perform any services for or become a landlord of any Similar Business without Our prior express written consent.

(e) Neither You nor any Owner will divert or attempt to divert any business or customer of Your Business, or of any other PREMIUM Business, to any Similar Business by direct or indirect inducement, advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks.

(f) For a period of two (2) years following the expiration or termination of this Agreement, or after the expiration of any Interim Period, neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business in Your former Protected Area or within ten (10) miles of any PREMIUM Business without Our prior express written consent. You agree that this length of time will be tolled for any period during which You are in breach of this covenant or any other period during which We seek to enforce this Agreement.

(g) You agree that any violation of this Section 4.9 would result in irreparable injury to Us and the System, and that We would be without an adequate remedy at law. You agree that in the event of a breach or threatened breach of any such covenant, We will not be required to prove actual or threatened damage from such breach in order to obtain a temporary and/or permanent injunction and a decree for specific performance of the terms of this Section 4.9. In addition to injunctive relief, We shall be entitled to any other remedies which We may have under this Agreement, at law or in equity.

(h) The parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 4.9 is held unenforceable by a court having valid jurisdiction in a final decision between the parties hereto and from which no appeal has or may be taken, You expressly agree to be bound by the remaining portion of such covenant.

4.10 Employees

You acknowledge that You are an independent business and responsible for control and management of Your Business, including but not limited to, employment decisions and related matters. You and You alone will be solely responsible for all hiring and employment decisions and functions relating to Your Business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from Us on these subjects or not. Any guidance We may give You regarding employment policies should be considered merely examples. You acknowledge that We have no power, responsibility, or liability in respect to the hiring, discharging employees, setting work schedules, maintaining all employment records, and setting and paying of wages or related matters. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

4.11 Software; Systems

(a) You agree to use in Your Business the software designated by Us in the Manual for Franchisees to use for business management, in making estimates, preparing invoices, keeping accounting records and other aspects of the operations of Your Business. The computer software package developed for use in Your Business may include proprietary software. You may be required to license the proprietary software from Us or a third party and You also may be required to pay a software licensing or user fee in connection with Your use of the proprietary software.

(b) You agree to use in Your Business Our designated phone system and pay the then-current monthly license fee. Currently, We use Voice for Pest, but reserve the right to change the designated system in the future.

4.12 Online Management and Communication System; Website

(a) We may establish an online management and communication system for PREMIUM Business Operations and You agree to participate and perform all things necessary to set up and connect to the online communication system and comply strictly with its requirements.

(b) We may require You, at Your expense, to participate in Our PREMIUM website, Our intranet system or extranet system or other online communications or intranet sites. We have the right to determine the content and use of Our website and intranet or extranet system and will establish the rules under which franchisees may or must participate and charge reasonable fees.

(c) You may not separately register any domain name containing any of the Marks, participate in any website or social media platform that markets goods and services similar to a PREMIUM Business, or operate a website for Your Business. We retain all rights relating to Our website, extranet and intranet system and may alter or terminate Our website, extranet system, or intranet system. We will set up and control any presence of Your Business on the Internet, including but not limited to Google and Yelp listings, and grant You qualified access. You acknowledge that certain information related to your participation in Our website, extranet system or intranet system may be considered Our Confidential Information, including access codes and identification codes.

4.13 Data Security

You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. You agree that Your Business will comply at all times, with all applicable security standards developed by the Payment Card Industry Data Security Standards (“**PCI DSS**”) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (“**FACTA**”) and all other successor or additional laws, and all other data security requirements We prescribe. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide Us with evidence of such compliance at Our request. You also must provide notice to Us of any potential or actual data security breach relating to cardholder data.

4.14 Pricing

To the fullest extent permitted by applicable law at such time, We reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices You may charge for products or services, and You agree to comply with any such requirements.

4.15 Crisis Management.

(a) “**Crisis Management Event**” means any event that occurs at or about Your Business premises or in connection with the operation of Your Business that has or may cause harm or injury to customers or employees, such as poisonings, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

(b) Upon the occurrence of a Crisis Management Event, You agree to immediately inform Us of such event and to cooperate fully with Us, Our designated representatives, and the appropriate authorities with respect to the investigation and resolution of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, You must cooperate fully with Us with respect to management statements and other responses to the Crisis Management Event.

ARTICLE 5: TRAINING

5.1 Initial Training

At a place or places designated by Us, We will provide the PREMIUM Initial Training Program for Your Designated Operator (as identified in this Agreement), Your General Manager (if different person) and any Assistant Manager(s) designated by Us.

5.2 Training Required

Your Designated Operator, General Manager and Assistant Managers must each attend and complete Our Initial Training Program to Our reasonable satisfaction and prior to operating Your Business. All Managers of Your Business must either attend and successfully complete Our training or become certified as required by the Manual. You must always have a properly certified Manager on duty at Your Business whenever it is open to the public. In Our sole discretion, We may also provide training for successor and replacement personnel. You must pay for the expenses of attendance, such as lodging, meals, transportation, and wages of attendees.

5.3 Training Employees

You will be responsible for full compliance at Your Business with the requirements taught at Our Initial Training and will cause Your Business's employees to be trained in those requirements which are relevant to the performance of their respective duties. We may require Your employees to be trained and certified in the performance of their duties, and with Our consent You may have employees approved as certified trainers for the other employees. No employee of Yours will be deemed to be an employee of Ours for any purpose whatsoever.

5.4 Continuing Training

You and such employees as We may designate will, from time to time, personally attend and complete refresher courses in Business operations and any training sessions held for the purpose of introducing new services, products or procedures.

5.5 Fees; Expenses

We reserve the right to charge a reasonable fee for training successor or replacement personnel, and for any additional training programs and course materials, at Our discretion. Current fees are designated in the Manual.

ARTICLE 6: MAINTENANCE; LEASE PROVISIONS

6.1 Repairs; Modernization and Maintenance

(a) You agree to maintain Your Business (interior and exterior) and its grounds and parking area in a "like new" condition and in conformity with the requirements set forth in the Manual or other writings issued by Us. You agree to replace Your Business equipment fixtures, furnishings, trade dress and signage as necessary or required by Us and to obtain any new or additional equipment as may be reasonably required by Us for new products or procedures. After receipt of Our written notice, You agree to promptly take all such action as requested by Us promptly within the time period set forth in the written request. If You have failed to take any action within fifteen (15) days after Our notice, We may, in addition to all other remedies, enter Your Business and effect the corrective action contained in the notice, and You shall immediately pay the costs incurred by Us in taking such action.

(b) Except as may be expressly provided in the Manual, no changes of any kind in design, signs, equipment or decor will be made in, on or about Your Business premises without prior written approval of in each instance. You will obtain, repair, maintain and replace all equipment, signs and other Business items at Your sole cost.

6.2 Modernization

In order to compete effectively and to assure the continued success of Your Business, You agree, from time to time, as reasonably required by Us in writing (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Business premises, parking area and equipment to Our then current standards and specifications. You understand and agree that this obligation is in addition to other obligations under this Agreement, such as repair, maintenance and purchase of new equipment. No such modernization will be required by Us unless and until the Company has at that time implemented such standards and specifications in at least twenty-five percent (25%) of its Businesses located in the continental United States.

6.3 Lease Provisions

(a) If You are or become a lessee of Your Business premises, You must provide Us a copy of the proposed lease for Our review and comment at least 15 days prior to its being finalized and executed. After execution, You must furnish Us with a true, correct, and complete copy of the lease.

(b) Such lease must contain the option required by Section 15.5 below and a provision which precludes any other business offering predominantly services or products similar to PREMIUM Businesses from operating in the same business center or five (5) miles from Your Business for any property under landlord control, and the alteration and de-identification rights required by this Agreement where the premises will no longer be operated as a PREMIUM Business.

(c) Such lease will also require the lessor (a) to give Us reasonable notice of any lease termination and a reasonable time in which to take and make the above actions and alterations and (b) provide that You have the unrestricted right to assign such lease to Us. These lease provisions may be subject to the reasonable consent of the lessor.

(d) You acknowledge and agree that the requirements of Article 6 are reasonable and necessary to ensure continued public acceptance and patronage of PREMIUM Businesses and to avoid deterioration or obsolescence in connection with the operation of Your Business. If You fail to make the repairs, maintenance or modernization as required by this Article 6, We may, in addition to Our other rights in this Agreement, effect such repairs, maintenance or modernization and You must reimburse Us for the costs We incur.

ARTICLE 7: MARKETING AND ADVERTISING

7.1 Marketing, Promotion and Advertising Programs

The parties recognize the value of marketing, advertising and promotions to enhance the goodwill and public image of the System. We agree that We will develop marketing, promotion and advertising programs designed to promote and enhance the collective success of all PREMIUM Businesses. It is expressly agreed that in all respects of such marketing, promotion and advertising (such as type, quantity, timing, placement and choice of media, market areas and advertising agencies), Our decisions made in good faith will be final and binding. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

7.2 Local Advertising

(a) You agree that during the term of this Agreement You must spend for local advertising for Your Business as specified in the SUMMARY. We may require You to provide proof of all such marketing, promotion and advertising expenditures. You acknowledge and agree that You must obtain Our prior written approval for all of Your local programs in order for them to qualify for required spending. Payments to an approved Advertising Cooperative ("**Ad Co-op**") will be applied to this Local Advertising obligation.

(b) You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any such organization) in the name of Your Business or otherwise associate with the Marks, without our prior express written consent.

(c) You will not establish Your own "eclub" marketing campaigns, Gift Card programs, Loyal Customer programs, any website, social media accounts, or other such programs as designated in the Manual without Our prior written approval. You agree to diligently participate in all promotional campaigns, customer loyalty programs, special offers, and other programs, which are prescribed from time to time by Us.

(d) You will not issue any press release without Our prior express written approval.

(e) You agree that Our Local Advertising requirements, as presently written in the Manual and other writings, may in the future be amended and supplemented from time to time, and incorporated into and made part of this Agreement by reference. You agree that We may in Our sole discretion designate Ourselves, an Affiliate, or select a third-party vendor to manage local marketing for franchised Outlets.

7.3 System Marketing Fund

(a) In order to maximize the general public recognition and acceptance of PREMIUM Businesses, We may at such time as We believe is appropriate for the System establish a System Marketing Fund and require You to contribute as specified in the SUMMARY to such System Marketing Fund. We will also set the initial contribution rate at that time, which may be less than the maximum rate.

(b) We will use monies from the System Marketing Fund to pay for the production and development costs of materials to be used in marketing all Businesses and for advertising, marketing and promotion of PREMIUM Businesses generally, including without limitation, costs and expenses related to the employment of advertising agencies, payment of talent and residuals, research and development, design and development of trademarks and logos, promotions, public relations market research, reimbursement to Us, Our Affiliates or the Company of general and administrative expenses and allowances directly related to marketing of PREMIUM Businesses and clearance of marketing, advertising and promotional programs.

(c) You agree that We may reimburse Ourselves for administrative expenses with respect to the System Marketing Fund (i) the direct costs and expenses incurred by Us or Our Affiliates in administering the System Marketing Fund and (ii) up to fifteen (15%) of System Marketing Fund contributions for each of Our fiscal years to cover (A) Our administrative costs and overhead incurred by Us in connection with activities related to the administration of the System Marketing Fund and its programs and (B) a pro rata portion of the compensation paid by Us or Our Affiliates to persons for their work on System Marketing Fund related matters.

(d) The Company will also contribute to the System Marketing Fund the same percentages of the Gross Sales from its operation of PREMIUM Businesses in the continental United States.

(e) We will deposit the System Marketing Fund Fees in one or more separate accounts, which will not be considered one of Our assets. You agree that We shall not be a "trustee" of the System Marketing Fund or such Fees.

(f) We agree to cause an annual accounting of the System Marketing Fund and to make the results of such accounting available to You upon request. If such accounting is made by an independent accounting firm, the expenses thereof shall be paid from the System Marketing Fund.

(g) We and Our Affiliates reserve the right to receive advertising promotional allowances and/or advertising rebates from suppliers or distributors which relate directly to purchases by PREMIUM Businesses operated by franchisees. In Our sole discretion, We and Our Affiliates may use these allowances and/or advertising rebates for whatever purposes We elect.

(h) You agree that We have no obligation in administering the System Marketing Fund to make expenditures for You or others which are equivalent or proportionate to the contribution(s) made or to ensure that any particular franchisee benefits directly or pro rata from any marketing program or advertising.

7.4 System Marketing Fund Policy

(a) We will develop and modify from time to time as necessary a System Fund Policy which will include procedures and guidelines for disbursements and expenditures from the System Marketing Fund.

(b) All monies in the System Marketing Fund, including any interest or other income earned from the investment of such monies, must be spent and disbursed only in accordance with this Agreement and the System Marketing Fund Policy, which may be modified from time to time at Our discretion so long as all monies are used to pay for marketing, promotion and advertising programs for PREMIUM Businesses in the United States of America.

7.5 Temporary Investment

We may temporarily invest any or all of the monies held in the System Marketing Fund from time to time at Our sole discretion in accordance with the System Marketing Fund Policies. We will use any interest or other income received from such investments to pay for the expenses of administering the System Marketing Fund pursuant to the System Marketing Fund Policy. Interest or income received from temporary investments that exceed the reasonable expenses of administering the fund will be considered part of the System Marketing Fund.

7.6 Ad Co-ops

(a) We may at Our discretion designate any geographical area as a basis for an Ad Co-op for the purpose of marketing, advertising and promoting PREMIUM Businesses in that area, including the Company Businesses. The Ad Co-op will also serve as means of exchanging ideas, sharing information and problem solving.

(b) You agree to become a member of an Ad Co-op at any time the Business is located within the designated area for such Ad Co-op.

(c) You agree to execute and deliver any such Ad Co-op agreements or undertakings required by such Ad Co-op, to make contributions as required of its members, and to always maintain Your status as a member in good standing of such Ad Co-op at all times.

(d) We may establish and revise the requirements for approval of Ad Co-ops, the amount of contribution by members to each such Ad Co-op, and exemptions from membership or temporary suspensions of contributions.

(e) The mandatory contribution to an Ad Co-op may exceed Your Local Advertising spend if the Ad Co-op members agree to additional funding in accordance with established Bylaws. All such contributions will be credited toward your Local Advertising Spend.

7.7 Approval of Advertising

(a) You must use only advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing and the promotion policies.

(b) If You wish to use other or modified materials, You must submit to Us, in each instance and at least thirty (30) days prior to first use, the proposed advertising copy and materials for approval in advance of publication. You may use only advertising materials which have been approved in writing by Us.

(c) In no event will Your advertising contain any statement or material which may be considered (i) in bad taste or offensive to the public or to any group of persons or (ii) defamatory of any person or an attack on any competitor, (iii) will not be misleading and (iv) will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time.

7.8 Intentionally Omitted

7.9 Websites, Emails and Internet Advertising

You shall not, indirectly or directly, register, establish or operate any website, Internet directory listing, domain name, email address, social networking site, or other digital presence in any media or platform as defined in the Manual, relating in any way to Your Business, or which uses the Marks without Our prior written consent. Except email communications, You may not conduct any aspect of Your Business through the Internet without Our prior consent. You will adhere to any social media policies that We establish from time to time and will require all Your employees to do so as well. We will include information about Your Business on Our Website and You must follow Our System procedures on referring potential customers to You.

7.10 Promotional Programs

You shall participate in all promotional programs We develop for the System. You will be responsible for the costs of such participation. You shall purchase or lease, and install, all required fixtures, furniture, furnishings, signs and equipment (including required computer, point-of-sale, and other electronic information system and all equipment components and software necessary to accept and process gift cards [and loyalty cards] and participate in Our gift card [customer loyalty], and similar programs) for Your Business.

7.11 Social Media

We have sole discretion and control over any profiles using or relating to the Marks, or that display the Marks, that are maintained on social media, including without limitation Facebook, Twitter, Instagram, Pinterest or other similar businesses that may exist in the future. We may use part of the Marketing Fund monies We collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish a social media policy and guidelines pursuant to which You may establish profiles or otherwise establish a presence on such social media. In that event, You shall comply with the standards, protocols and restrictions that We impose from time to time on such use.

ARTICLE 8: ACCOUNTING AND RECORD KEEPING

8.1 Point of Sales System/Accounting System

(a) Before the opening of Your Business and at Your own expense, You agree to procure and install the computer hardware, software, Internet connections and service, required dedicated telephone and other computer-related accessories, peripherals and equipment that are required in the Manual (the **"Point of Sales System"**). You must record all transactions on a computer-base system that is fully compatible with Our computer system, or the computer system of Our designated POS supplier, CRM supplier, and/or other third-party vendors. The computer software package developed for use in the Business may include proprietary software. You may be required to license the proprietary software from Us or a third party and You also may be required to pay a software licensing or user fee in connection with Your use of the proprietary software.

(b) You agree to accurately, consistently and completely record and provide through the Point of Sales System or other systems designated by Us, such as a CRM system, all information concerning the operation of Your Business that We require, in the form and at the intervals that We require, as set forth in the Manual.

(c) You acknowledge and agree that We will have full and complete independent access to Your Point of Sales System, and We may retrieve from Your Point of Sales System all information that We consider necessary, desirable or appropriate.

8.2 Accounting Information

You understand and agree that We may under Section 8.1 require You to use software which will generate accounting information which will be accessible to Us electronically. You also agree that We may require You, following written notice or as part of the Manual, to send to Us in the form and within the time schedules set forth in the Manual, hard copy or other form of reports and information. These may include Profit and Loss Statements, Balance Sheets and Statements of Cash Flow, sales tax returns, and income tax returns.

8.3 Accounting Records

You agree to maintain and preserve for a minimum of seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by the Manual.

8.4 Sales Tax Returns; Other Reports

You agree to deliver to Us on or before the dates specified in the Manual a copy of all sales tax returns, occupation tax reports, and other similar returns or reports prepared by or on behalf of the Business according to the form and timing that We prescribe.

ARTICLE 9: AUDITS AND INSPECTIONS

9.1 Audit Rights

You agree that We will at all times have the following audit rights:

(a) Our representatives may on a reasonable basis review, inspect and copy any and all accounting records, income and sales tax records and other such documents, as they determine, in their sole discretion as being necessary to audit Your compliance with this Agreement.

(b) If any inspection or audit reveals that the Gross Sales reported in any report or statement are less than the actual Gross Sales calculated during such inspection, and/or fees owing are otherwise miscalculated, then You will immediately pay Us the additional amount of fees owing by reason of the understatement of Gross Sales previously reported and/or other miscalculation, together with interest as provided in Section 2.3.

(c) In the event that any report or statement by You understated Gross Sales and/or fees owing by more than two percent (2%) as calculated during Our inspection, You will, in addition to paying for the additional fees and interest, pay and reimburse Us for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments will be without prejudice to any other rights or remedies We may have under this Agreement or otherwise. In addition, We may at Our sole discretion require a complete and full audit in accordance with generally accepted accounting principles and by a certified public accountant acceptable to Us, at Your expense.

9.2 Inspection

(a) You agree to, at Your expense, participate in Our approved inspections and surveys regarding guest satisfaction and Business inspections as stated in the Manual. In addition, You will cause the reports of all such inspections or surveys to be sent to Us.

(b) We, or Our designee, will make periodic visits or calls to Your Business as We deem advisable. You agree that Our representatives will have the right at any time, and from time to time, without notice to enter Your Business for the purpose of inspecting its condition and its operations for compliance with Our requirements contained in this Agreement and in the Manual, and for any other reasonable purpose connected with the operation of Your Business.

(c) You agree to incorporate into Your Business any reasonable corrections and modifications We require to maintain Our standards of quality and uniformity, as quickly as is reasonably possible and using all resources at Your disposal.

9.3 Books and Records

Without limiting the generality of Section 9.2, Our representatives will have the right at all times during normal business hours to confer with Your Business's employees and customers, and to inspect Your books, records and tax returns, or such portions thereof as pertain to the operation of Your Business. All of Your books, records and tax returns will be kept and maintained at Your Business, at Your primary office or such other place as may be agreed to from time to time in writing by the parties.

9.4 Ownership Records

Unless You are an individual or sole proprietorship, You must maintain an accurate ownership register or other list of names, addresses and interests of all Your record and beneficial owners. Upon ten days written notice from Us, You must deliver to Us a copy of such register and/or list of owners, certified by Your LLC manager or chief executive officer to be correct. During any audit or other inspection under this Section 9, You will allow Our representatives to inspect and copy such register and/or list.

ARTICLE 10: RELATIONSHIP OF PARTIES AND INDEMNIFICATION

10.1 Relationship

(a) You acknowledge that You are an independent business and solely responsible for control and management of Your Business. You are not, and will not, represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regard to You.

(b) You will not use the name PREMIUM TERMITE & PEST CONTROL or any similar word as part of the name of a corporation or other business entity directly or indirectly associated with You, unless otherwise authorized by Us in writing.

10.2 Indemnification

(a) You must immediately notify Us in writing of any claim; litigation or proceeding that arises from or affects the operation or financial condition of Your Business.

(b) You will indemnify Us, the Company, Our Affiliates and their officers, directors, employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of Your Business or Business premises, the conduct of Your Business's business, the ownership or possession of real or personal property, any negligent act, misfeasance or nonfeasance by You or any of Your agents, contractors, servants, employees or licensees, (ii) Your failure to perform any of Your obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by Us or on Our behalf in the investigation of or defense against any and all such claims. We reserve the right to select Our own legal counsel to represent Our interests.

(c) We indemnify and hold You harmless from all direct expenses and liabilities arising solely from any third-party claim that Your use of Our Marks or Our intellectual property in connection with Your operation of Your Business, so long as You were operating the Business in strict compliance with this Agreement, infringes upon the trademarks or intellectual property of such third-party claimant. We will not indemnify You against such third-party claims unless Your use of the Marks complies with the requirements of this Agreement and the System. If You are made a party to a legal proceeding solely pursuant to a claim of Your alleged infringement upon the trademarks or intellectual property of a third party, and provided You cooperate with Us fully and timely (which may include You signing a waiver of conflict of interest for any counsel representing both You and Us), We will hire counsel to protect Our interests and will defend You at Our own expense. Any settlement We negotiate will bind You, but We will reimburse You for Your direct cost of compliance with the settlement agreement. We reserve the right to control all aspects of any such legal proceeding.

(d) Notwithstanding the foregoing provisions, if We determine in Our sole discretion that it is necessary or appropriate to add, delete or modify any of Our Marks or other intellectual property, whether Our determination is made in connection with a dispute, or otherwise, You will be solely responsible for all expenses associated with adding, deleting, or modifying all signs and other materials that display Our Marks.

ARTICLE 11: INSURANCE

11.1 Insurance

You will obtain before beginning construction or remodeling of Your Business and will maintain in full force and effect during the entire term of this Agreement, at Your sole cost and expense, an insurance policy or policies protecting You and Us against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of Your Business or Your Business premises. We will be named as an additional insured in all such policies, workers' compensation excepted.

11.2 Policies

In all events, the insurance policy or policies will include at least the following:

(a) Comprehensive general liability insurance, including products liability coverage with minimum coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate, or higher if Your state law requires.

(b) Property insurance covering the perils of fire and extended coverage, vandalism and malicious mischief with coverage to be at replacement cost.

(c) Liability for owned, non-owned and hired vehicles with minimum coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate.

(d) Course of construction insurance at replacement cost.

(e) Workers' compensation insurance as required by applicable state law.

(f) Business interruption insurance (reasonable coverage and time limit).

Your obligation to maintain this insurance will not be limited in any way by reason of any insurance maintained by Us.

11.3 Qualified Insurance Carrier

All insurance policies required by this Agreement must be written by a responsible insurance company or companies satisfactory to Us, and in accordance with the minimum limits set forth in Section 11.2 above, which may be changed from time to time by Us at Our discretion to reflect changed conditions. Each insurance company must be rated no less than A VII by A.M. Best and Company. You must maintain such additional insurance coverage and increased limits that We may reasonably consider advisable for a PREMIUM Business in the area where Your Business is located.

11.4 Certificates

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, You will deliver to Us for Our approval certificates of insurance showing compliance with the requirements of this Section 11. We require You to provide full and complete copies of all insurance policies. Such certificates must state that the policy or policies will not be canceled or altered without at least thirty (30) days' prior written notice to Us. Maintenance of such insurance and the performance by You of Your obligations under this Section 11 will not relieve You under the indemnity provisions of this Agreement or limit such liability.

11.5 Changes in Insurance Requirements

You agree that to meet then current needs and situations We may in the Manual revise and add to the above requirements.

11.6 Failure to Insure

If You, for any reason, fail to obtain and maintain the insurance coverage required by this Section, We will have the right and authority to obtain immediately such insurance coverage, and to charge the cost thereof plus a ten percent (10%) processing fee to You, which charges will be paid immediately upon notice and will be subject to charges for late payments in the manner set forth in Section 2.3 hereof.

ARTICLE 12: DEBTS AND TAXES

12.1 Debts and Taxes

You will pay promptly when due all debts and other obligations incurred directly or indirectly in connection with Your Business and its operation; including, without limitation, all taxes and assessments that may be assessed against Your Business land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all liens and encumbrances of every kind and character incurred by or on behalf of You in conducting Your Business. You may protest or contest any of such amounts so long as such protest or contest does not adversely affect the continued business of Your Business or possession of Your Business premises.

ARTICLE 13: PRINCIPALS, SALE AND ASSIGNMENT, RESTRICTIONS

13.1 Definition of Principals; Personal Guarantees

For purposes of this ARTICLE 13, the term "**Principals**" will include the persons signing this Agreement as Principals, any of Your future owners and the spouses or any trust for the benefit of any such Principal. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement. We have an unrestricted right to approve all owners and any future owners.

13.2 Authorized Agent

You and the Principals appoint the person as specified in the SUMMARY with full authority (the **"Authorized Agent")** to act on behalf of You and the Principals in regard to performing, administering or amending this Agreement. We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You and the Principals of the appointment of a successor to the Authorized Agent.

13.3 Personal Contract; Consent Mandatory

You agree that a material part of the consideration for Our entering into this Agreement is the personal confidence We have in You and the Principals. No person will succeed to any of Your rights under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors, other legal process or transfer not expressly authorized and consented to by Us. Except as expressly provided for in this Agreement, any attempt by You to transfer any of Your rights or interest under this Agreement will constitute a material breach of this Agreement, and in such event We will have the right to terminate this Agreement upon written notice to You. We will not be bound by any attempted transfer in any manner whatsoever, by law or otherwise, of any of Your rights or interests under this Agreement except as permitted by this ARTICLE 13.

13.4 Form of Legal Entity

(a) If You have been organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**") or if Your interests in this Agreement are to be transferred to a Legal Entity, such Legal Entity must be expressly approved in advance and in writing by Us. We will not charge a transfer fee for forming or transferring ownership to such Legal Entity.

(b) You must comply with this Section 13.4 and any other condition which We may require, including a limitation on the number of owners of the Legal Entity and to require a Personal Guaranty. We have an unrestricted right to approve all equity owners and any future owners and to require a Personal Guaranty in the form attached hereto as **Attachment 3**. The organization documents must be promptly submitted for Our review.

(c) Unless We provide Our prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of operating a PREMIUM Business.

(ii) The Principals will own and control not less than fifty and one-tenth percent (50.1%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) There will not be more than ten (10) owners of the Legal Entity in addition to the Principals.

(d) You must notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after its receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with PREMIUM Businesses or having a known history, reputation or character which is adverse to the interests of PREMIUM Businesses. A failure by Us to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 13.4, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 13.4 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold Our approval of any transfer so long as the Principals maintain operational control over You.

(f) The organizational documents of the Legal Entity will contain the restrictions set forth in Subsections 13.4(b) and (c) above and this Subsection 13.4(e). You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"The transfer of ownership in this company is subject to the terms and conditions of a PREMIUM TERMITE & PEST CONTROL Franchise Agreement. Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company."

(g) You agree at Our request to furnish information, execute forms, and to take all such action as requested by Us, to support this ARTICLE 13. You agree to provide Us with such documentation within fifteen (15) days after receipt of Our request.

13.5 Written Consent

(a) Except as otherwise expressly set forth in this ARTICLE 13, neither Your rights and interests under this Agreement nor any ownership interests in You (if You are a Legal Entity) may be sold, assigned, encumbered or otherwise transferred (all of which are hereinafter included within the term "**transfer**") in whole or in part in any manner whatsoever without Our prior express written consent.

(b) We will not unreasonably withhold Our consent to a transfer. In considering a request for transfer, We will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee as if he or she were a prospective direct purchaser of a franchise from Us. In addition, but without limitation, We will require as conditions to the granting of Our consent all of the following:

(i) There must be no existing default in the performance or observance of any of Your obligations under this Agreement or any other agreement with Us, and Your Business will be in condition and appearance satisfactory to Us and in accordance with Our System standards at that time;
(ii) You must settle all outstanding accounts with Us and our Affiliate(s);
(iii) You must pay Our Transfer Fee as specified in the SUMMARY to compensate Us for Our expenses incurred in connection with investigating the qualifications of the proposed transferee, training the proposed transferee and the direct administrative costs of effectuating the transfer;
(iv) The proposed transferee must appoint a Designated Operator acceptable to Us. Designated Operator and the proposed transferee must, prior to the transfer, personally attend and satisfactorily complete Our initial training program;
(v) The owners of the proposed transferee (with 10% or more of the outstanding voting interests) who have not attended Our initial training program, must attend and satisfactorily complete Our Franchise Principal Orientation;
(vi) The proposed transferee or other person(s) designated by Us must execute Our then current form of Franchise Agreement for the remaining term of this franchise;
(vii) The transfer documents must contain a non-competition agreement by You similar to that set forth in this Agreement at subsection 4.9(f);
(viii) If You or Your Principals finance any part of the sale price of the transferred interest, You and Your Principals must agree that all of the proposed transferee's obligations are subordinate to the transferee's obligations to pay amounts due to Us and Our Affiliate(s); and

(ix) Such other requirements as We may in Our discretion deem reasonably necessary, including a general release of any claims against Us.

(c) Neither this Agreement, any of the rights conferred on You hereunder nor any ownership interests in the purchasing franchisee may be retained by You as the transferring franchisee as security for the payment of any obligation that may arise by reason of any such transfer.

13.6 Death and Disability

(a) Except as provided for herein to the contrary, the death or disability of an owner of a Legal Entity shall have the legal results of applicable law. In the event of the death or legal incapacity of one of the Principals, the decedent's estate or You must immediately notify Us of such death, and within thirty (30) days after such notice further notify Us of a proposed successor to the decedent's interests (the "**Successor**"). If We approve the Successor, he or she will replace the decedent as a Principal hereunder.

(b) In the event We do not approve the Successor, We will so notify You, and You or the decedent's estate will use Your best efforts within the six (6) months from the date of such written notice from Us to sell the interests in this Agreement and Your Business to a bona fide purchaser in accordance with and subject to all of the provisions of this ARTICLE 13. If by the end of such six-month period, You have not consummated a transfer of such interest or stock in a transaction which meets the requirements of this ARTICLE 13, We will have the option to purchase all of such interest in Your Business and franchise or in the ownership of the Legal Entity at the fair market value thereof as determined in good faith by an independent appraiser selected as set forth in subsection (c) below.

(c) The procedure for determining the fair market value or other terms of purchase shall be that We and You shall each select one appraiser and such two appraisers shall select a third appraiser, and the third appraiser shall make the necessary determination, with the costs of appraisal to be borne equally by You and Us.

(d) If We in Our discretion decide that the death or disability of an individual, a Principal or a Successor will result in unsatisfactory operation of Your Business, We may take over operation of Your Business temporarily, and You will reimburse Us for all of Our costs and compensate Us for Our efforts at an amount equal to 5% of Gross Sales during such time.

13.7 Right of First Refusal

(a) You must give written notice to Us of any planned, attempted transfer or offer to transfer by You in any manner whatsoever of any interest in or under this Agreement or of any transfer of the controlling ownership interest in You if You are a Legal Entity.

(b) Excepting a transfer described in Section 13.4(e), You grant Us the right of first refusal in regard to any such offer or transfer to purchase such interest on the same terms and conditions (or on terms and conditions determined by Us which will result in the same net financial benefits to You as transferor). In exercising Our right of first refusal, We may pay the transferor cash at closing in the same amount as the principal amount of any promissory note(s) otherwise required by the transferee or in the amount of the fair market value of any other non-cash purchase price, and if stock is provided for, may substitute stock of ourself or an affiliated corporation in an equivalent value to the stock contained in the offer of first refusal. Any determination of fair market value, equivalent value or net financial benefits made by Us in good faith shall be deemed an acceptance of the offer. Until We have accepted or rejected the offer of first refusal from You, You will neither consider nor accept any other offer and will keep confidential all of the terms of such transfer.

(c) The first refusal offer to Us must be in writing and must include complete details of all of the terms, conditions and provisions of the proposed transfer, including copies of all agreements which may be assumed by or assigned to the transferee. After receipt of all of such information, We will have thirty (30) days after actual receipt of all of such documents within which to accept or reject it. Our failure to accept within such thirty (30) days will constitute a rejection. If rejected, You may consummate the transfer to a third party if all other provisions of this Agreement are satisfied, but the transfer must be consummated within six (6) months and only upon the terms, conditions and provisions previously offered to Us.

(d) After any rejection by Us, You must in all events submit a fully executed copy of all final transfer documents to Us at least three (3) days in advance of any proposed consummation or closing date for Our review and comparison with the first refusal offer previously submitted to it. Any variation will require an offer of first refusal to Us on the varying terms following the same procedures set forth above. Our right of first refusal will be unrestricted and absolute, and We will in all cases have at least thirty (30) days to consider and act on each offer or any change in the terms and conditions of offer.

(e) Nothing contained in this Section 13.7 will in any way be deemed to limit Our discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

13.8 Assumption

This Agreement and Our rights, interests and obligations hereunder may be transferred to the benefit of any entity in whole or part which succeeds to Our business and assumes Our obligations hereunder.

ARTICLE 14: TRADEMARKS

14.1 Ownership

You agree that We have the sole and exclusive right (except for rights granted under existing and future franchise agreements) to use the Marks in connection with the products and services to which they are or may be applied by Us. You represent, warrant and agree that neither during the term of this Agreement nor after its expiration or other termination will You directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Us or take any action whatsoever in opposing the rights claimed therein by Us.

14.2 Nonexclusive License

The license granted under this Agreement to use the Marks is nonexclusive except to the extent otherwise specified herein, and We, in Our sole and absolute discretion, may grant other licenses in, to and under the Marks in addition to those licensees already granted, both within and outside Your Business's trading area, and to develop and license other names and marks on any such terms and conditions as We deem appropriate.

14.3 Other Uses

You expressly agree that We have the exclusive, unrestricted right to engage directly and indirectly, at wholesale, retail, catering and otherwise, within Your Business's trading area and elsewhere, in (a) the production, distribution and sale of products and services under the Marks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Us.

14.4 Goodwill

Nothing contained in this Agreement will be construed to vest in You any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith or any right in the design or any Business building, other than the rights and license expressly granted herein of the term hereof. Any and all goodwill associated with or identified by the Marks will inure directly and exclusively to Our benefit, including without limitation any goodwill resulting from operation and promotion of Your Business.

14.5 Use of Marks

You may use the Marks only in association with products and services approved by Us and that meet Our standards and requirements. You may not use any Mark as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site. You must follow Our rules when You use the Marks, including giving proper notices of trademark registration and obtaining fictitious or assumed name registrations required by law, and may not make any changes or substitutions to the Marks unless We direct in writing.

You will not use the Marks in connection with any statement or material which may, in Our judgment, be in bad taste or inconsistent with the PREMIUM TERMITE & PEST CONTROL public image, or tend to bring disparagement, ridicule or scorn upon Us, the Marks or the goodwill associated therewith. You, whether doing business as a proprietorship or Legal Entity, will not adopt, use or register (by filing a certificate or articles of incorporation, a fictitious business name statement, or otherwise) any trade name or business name, style or design which includes, or is similar to, any of PREMIUM TERMITE & PEST CONTROL identifying characteristics.

14.6 Changes in Marks; Protection

We will have the right at any time and from time to time upon notice to You to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes will be as effective as if they were incorporated in this Agreement. All such additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interest of PREMIUM Businesses generally. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. We will protect and preserve the integrity and validity of the Marks by taking the actions deemed by Us in Our discretion to be appropriate in the event of any apparent infringement of the Marks.

14.7 Infringements

You must notify Us promptly of any claims or charges of trademark infringement against Us or You, as well as any information You may have of any suspected infringement of the Marks. You will take no action with regard to any such matters without Our prior written approval and will cooperate fully with Us in dealing with any infringement or claim of infringement. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

ARTICLE 15: EXPIRATION AND TERMINATION

15.1 Events of Default; Liquidated Damages

(a) We will have the right to terminate this Agreement immediately upon written notice to You if any of the following events occur:

(i) In the event of any breach or default under Sections 1.4 (opening date), 4.3(c) (failure to comply with applicable laws), 5.2 (mandatory training), 9.2 (inspection), 13.3 and 13.5 (unauthorized transfer) or 13.7 (right of first refusal);

(ii) If a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization is filed by or against You, or if You make any assignment for the benefit of creditors, or if a receiver or trustee is appointed for Your Business, unless remedied to Our satisfaction within twenty (20) days;

(iii) If You for any reason lose Your right to possession of Your Business premises;

(iv) If We discover that You have made any material misrepresentation or omitted any material fact in the information furnished by You in connection with the grant of this franchise;

(v) If You (or any Principal) are convicted of any felony or other criminal conduct which is relevant to operation of Your Business or if You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the PREMIUM Business or System;

(vi) If You abandon Your Business by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Business (except as a result of fire, flood, earthquake or similar causes beyond Your control);

(vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice; or

(viii) If We make a reasonable determination that continued operation of Your Business by You will result in an imminent danger to any of its customers or to public health or safety.

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only five (5) days written notice is required). If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure. A default in any other PREMIUM franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement.

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period.

(d) The provisions of this Section 15.1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default.

(e) <u>Liquidated Damages</u>

(i) Upon termination of this Agreement due to Your action or failure to take action according to its terms and conditions, You agree to pay Us within fifteen (15) days after termination, in addition to any amounts owed Us or Our Affiliates, liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(ii) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's current remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.2 Termination by You

You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period.

15.3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must:

(a) immediately discontinue the use of the Marks and the System, including all PREMIUM recipes and proprietary procedures;

(b) unless We consent to the contrary, remove the Marks from Your Business building and its signs, fixtures and furnishings, eliminate entirely PREMIUM TERMITE & PEST CONTROL trade dress and alter and paint Your Business building and other improvements a design and color which is basically different from the PREMIUM TERMITE & PEST CONTROL image and design so that there will no longer be any indication to the public that Your Business was a PREMIUM Business. If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Business premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand;

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us;

(d) immediately deliver to Us all copies of the Manual and any items bearing the Marks or which are confidential; and

(e) pay all sums due Us or to become due to Us pursuant to this Agreement.

15.4 Trademark Infringement

If You refuse to comply with a written notice of termination sent by Us and a court later upholds such termination of this Agreement, any operation of Your Business by You from and after the date of termination stated in such notice will constitute trademark infringement by You and You will be liable to Us for damages resulting from such infringement in addition to any royalties paid or payable hereunder, including, without limitation, Your profits.

15.5 Option

If Your Business premises are leased by You from a third party, You will have included in such lease and any subsequent lease of the premises the right by You to assign such lease to Us without further consent by the lessor. We may elect to have the lease automatically assigned to Us under such provision if this Agreement is terminated, whether it is terminated by Us or by You. If We so elect, You will immediately vacate the premises, and We will be entitled to take possession of said premises, including all fixtures and leasehold improvements, and We will pay to You the fair market value of the interests owned by You in Your Business's furnishings and equipment. Fair market value will be determined by mutual agreement, or an appraiser selected by Us or the American Arbitration Association if We cannot agree.

ARTICLE 16: MISCELLANEOUS

16.1 No Effect

The waiver by Us of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Us and any franchisee will not be deemed a waiver of any subsequent or continuing breach or default of the same or any other terms, covenants or conditions contained in this Agreement, or in any other agreement between Us and any franchisee.

16.2 Right and Remedies

All of Our rights and remedies will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. Our rights and remedies will be continuing and not exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement will not discharge or release You from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

16.3 Consents

Whenever the consent of a party is sought or required hereunder, such consent will not be unreasonably withheld.

16.4 Partial Invalidity

If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid; provided, however, that in the event any part hereof relating to the payment of fees to Us, or the preservation of the Marks, trade secrets or secret formulae licensed or disclosed hereunder is for any reason declared invalid or unenforceable, then We will have the option of terminating this Agreement upon written notice to You.

16.5 Arbitration; Jurisdiction

(a) Except as set forth in Subsection 16.5(b), any unresolved dispute between the parties arising out of this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the county in which Our corporate headquarters are located as specified in the SUMMARY (the "**Home County**").

(b) At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Arbitrators shall apply the law of the state where Your Business is located (without giving effect to any conflict of law principles) as set forth in section 16.7 below.

(c) Any arbitration must be on an individual basis and the parties, and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts.

(d) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

16.6 Attorney Fees

If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

16.7 Governing Law

Subject to Our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 16.5, the parties agree that the law of the State where the Business is located (without giving effect to any conflict of laws principles) will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto.

16.8 Our Rights

Whenever this Agreement provides that We have a certain right, that right is absolute, and the parties intend that Our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

16.9 Adaptations and Variances

Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, We have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised Outlet or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that We deem to be of importance to the operation of such Outlet, franchisee's business or the System. We are not required to grant to You a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that You are aware that Our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from Your rights and obligations under this Agreement.

16.10 Notices

All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number with copy by regular mail, sent by an established overnight delivery service or mailed by certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: PREMIUM FRANCHISE CORP.
3916 Conquista Avenue
Long Beach, CA 90808
Attn: Jason Fiala, President

You: As specified in the SUMMARY

16.11 Terms and Headings

All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Definitions are presented in boldface solely for ease of reference.

16.12 Compliance with Laws

(a) You will at Your own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof relating to Your Business. Without limiting the generality of the foregoing, You shall comply with all provisions of Division 3, Chapters 14 and 14.5 of the California Business and Professions Code as same may be amended from time to time and any other statutes and rules affecting or concerning the operation of Your Business which may be adopted or amended from time to time by the state, Structural Pest Control Board, or other government entity or agency and the corresponding provision of any other state’s laws.

(b) You will notify Us within seventy-two (72) hours of any disciplinary proceedings which may be initiated against You or any of Your employees by the Structural Pest Control Board or corresponding agency or board in any other state.

16.13 Entire Agreement

This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document.

16.14 Amendment or Modification

Except as expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both Us and You.

16.15 Acknowledgment

BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AND AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED BUSINESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITIES AND EFFORTS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED BUSINESS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST SEVEN CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

* * * * * * * * * *

Signatures follow on next page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

You:

____

____

Principals:

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Us:

PREMIUM FRANCHISE CORP.

By: ________________________________
Jason Fiala, President

Attachment 1

TERRITORY

The geographic area described below is the **Territory** referred to in Section 1.2 of the Franchise Agreement:

You: ______________________________

By: ________________________________

Title: ______________________________

Us: PREMIUM FRANCHISE CORP.

By: ________________________________
Jason Fiala, President

Attachment 2

CONFIDENTIALITY AGREEMENT

The undersigned Employee of______________________ ("Employer"), which has applied for a PREMIUM franchise or is a PREMIUM franchisee hereby agrees that he or she shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a PREMIUM Business, including but not limited to the PREMIUM TERMITE & PEST CONTROL Manual ("**Confidential Information**"); provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others. Nothing in this agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

The Employee acknowledges and agrees that Employer alone will be solely responsible for all hiring and employment decisions and functions relating to Employer's Premium business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Employer has received advice from Franchisor on these subjects or not. Employee is not employed by Franchisor.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives ("Innovations") at any time during, and for a period of one year after employment in a PREMIUM Business. All such Innovations will be deemed the sole and exclusive property of Premium Franchise Corp. (the "Franchisor"). The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and the Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Employer, including without limitation the PREMIUM TERMITE & PEST CONTROL Confidential Manual(s).

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: _____________________

Print Name:______________________________

Signature: ______________________________
("Employee")

Attachment 3

PERSONAL GUARANTY

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of the franchisee ("**Franchisee**") under the foregoing PREMIUM TERMITE & PEST CONTROL Franchise Agreement dated _____________, 202____ by and between the Franchisee and Premium Franchise Corp., the franchisor ("**Franchisor**") and hereby individually undertakes to be bound by all of the terms of such Franchise Agreement.

It is the intention of the undersigned that this Personal Guarantee shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require the Franchisor or its assignee to proceed against Franchisee or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guarantee applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. The Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guarantee as of the date set forth below.

________________________________ ________________________________

________________________________ ________________________________

("**Guarantors**")

Dated:__________________________

Exhibit
C

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT
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PREMIUM TERMITE & PEST CONTROL™
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT dated as of ________________, 202__, is between PREMIUM FRANCHISE CORP., a California corporation ("**We**", "**Us**" or "**Our**", on the one hand, and ____, a ____________ organized under the laws of the State of ________________ ("**You**" or "**Your**"), and the person(s) executing this Agreement as "**PRINCIPALS**" (the "**Principals**"), on the other hand.

In consideration of the mutual promises set forth herein, the parties agree as follows:

SECTION 1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development of Territory. We hereby grant to You the right to open and operate PREMIUM TERMITE & PEST CONTROL Businesses (each, a "**PREMIUM Business**") operating in the geographic area which is specified in **Exhibit A** attached hereto and incorporated herein by reference (the "**Territory**").

1.2 Your Territorial Rights. (a) During the term and any extension or renewal of this Agreement, We will not (i) license or allow any other party to operate a within the Territory except as provided in subsection 2.1(c) below, or (ii) open or operate, directly or indirectly, any PREMIUM Business within the Territory (except pursuant to any first refusal rights contained in any Franchise Agreement between You and Us, or as otherwise provided in Article 5 below).

(b) If You have opened the minimum number of PREMIUM Businesses referred to in Section 2.1 below and We determine in Our discretion that one or more additional PREMIUM Business should be developed within the Territory, We will notify You in writing of such determination and offer You the right of first refusal to develop such Business(s). If after 30 days following mailing of such notice, We have not received Your written acceptance of such right of first refusal, We may develop such PREMIUM Businesses within the Territory or authorize other(s) to do so.

1.3 Termination. If this Agreement is terminated as a result of a material breach by You, We will have the full and absolute right to operate or franchise or license other parties to operate PREMIUM Businesses within the Territory.

1.4 Other Products and Services. You agree that We retain the unrestricted right within the Territory and elsewhere to use, or license others to use, Our trademarks in connection with the sale, lease or franchise of products and services other than massage PREMIUM Businesses.

1.5 Not Transferable. This Agreement is a personal, non-transferable commitment by You to Us based on the personal confidence reposed by Us in the Principals. Accordingly, both parties agree that any attempt without the prior express written consent of Us to transfer, encumber or assign this Agreement by You or by the Principals in any manner whatsoever will cause the immediate and automatic termination of this Agreement, and We will have no further liability or obligation to You or the Principals pursuant to this Agreement.

1.6 Assumption. This Agreement and Our rights, interests and obligations hereunder may be transferred to the benefit of any entity in whole or part which succeeds to Our business and assumes Our obligations hereunder.

SECTION 2. DEVELOPMENT OF TERRITORY

2.1 Development Schedule. (a) You agree to develop at least a total of ___________ (_____) PREMIUM Businesses (the "**Required Businesses**") within the Territory during the term of this Agreement in strict accordance with the Development Schedule set forth in **Exhibit B** attached hereto and incorporated herein by reference (the "**Development Schedule**").

(b) The Development Schedule contains a specific number of Required Businesses to be opened and operated by You within the Territory during certain time periods. If any PREMIUM Business within the Territory is closed for business (except for authorized holidays or temporarily for major repairs or otherwise with Our prior written consent), such PREMIUM Business will not be included in computing the number of open and operating Required Businesses and in satisfying the deadlines set forth in the Development Schedule.

(c) The number of Required Businesses for purposes of the Development Schedule will not without Our prior written consent include a PREMIUM Business to be located at a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its food service facilities to itself or a master concessionaire or contract food service provider and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant facility, sports arena and stadium.

2.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (a) create any obligation to grant additional modifications, amendments, consents or waivers or (b) be effective unless made by written mutual agreement of the parties.

SECTION 3. DEVELOPMENT FEE

3.1 Development Fee.

(a) In consideration of Our grant to You of the right to develop PREMIUM Businesses in the Territory as provided for herein, You agree to pay to Us upon execution of this Agreement the Initial Franchise Fee for the first Required Business plus $10,000 for each additional Required Business (the "**Development Fee**").

(b) The Development Fee is non-refundable and is fully earned by Us upon Our execution hereof as a result of the grant of rights to You and Our forbearance from developing the Territory Ourselves or through other parties. You will not be entitled to a refund of such fee under any circumstances.

3.2 Amount of Fee. The total Development Fee to be paid by You upon execution of this Agreement is $_______________.

SECTION 4. DEVELOPMENT PROCEDURES

4.1 Mandatory Compliance. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for PREMIUM Businesses developed hereunder. We will not approve any pending franchise application or site approval request by You for additional PREMIUM Business(es) if You are in material breach of any Franchise Agreement.

4.2 Site Approval. You will utilize Your own financial, real estate, construction and any other resources required to develop Businesses. You agree to comply with the requirements of the Franchise Agreement and any additional requirements provided for in the Manual.

4.3 Franchise Agreements and Fees. You will receive $10,000.00 credit from the Development Fee toward the Initial Franchise Fee for each Required Business, except that the total Initial Franchise Fee for the first Required Business will be included in the Development Fee. You must pay the balance of the Initial Franchise Fee and execute Our then-current form of PREMIUM TERMITE & PEST CONTROL Franchise Agreement for each other Required Business. For the second and each of the other Required Businesses opened pursuant to Your Development Schedule, the PREMIUM Business's Initial Franchise Fee and Royalties will be the same as those contained in Your first Required Business. You must sign Our then current Franchise Agreement for each Business opened pursuant to this Development Agreement.

4.4 Confidentiality; Our Property. You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except Your Principals and representatives. You agree to obtain from each of the Principals and any other of Your representatives a Confidentiality Agreement in the form attached hereto as **Exhibit C** and incorporated herein by reference. You agree to comply fully with the terms of such Confidentiality Agreement. A copy of all such signed agreements shall be delivered to Us within one week of their execution.

4.5 Designated Principal. (a) The individual named in this Section must be an experienced professional with multi-unit business supervisory experience who, will devote his or her full time, best efforts and constant personal attention to the development of the Required Businesses, with full authority to act on Your behalf and on behalf of the Principals with regard to the operation of Your Business: ____ (the "**Designated Principal**"), who must be at all times approved by Us and certified by Us as fully trained for development and Business operations.

(b) Certification and approval of the Designated Principal includes both satisfactory completion of Our Initial Training Program, and also working sufficient additional time in a company-operated Business, as We deem necessary in our sole discretion, to successfully develop and operate a PREMIUM Business. Failure of the Designated Principal to successfully complete this training and the additional in-store requirement to Our satisfaction constitutes a material breach of this Agreement.

(c) Any change in the identity of Your Designated Principal must be approved by Us in writing.

SECTION 5. EXISTING BUSINESSES; ACQUISITIONS

5.1 Company Businesses. If We or another entity under common control with Us ("**Affiliate**") currently operate PREMIUM Businesses within the Territory, such Businesses are specified on **Exhibit A** attached hereto and incorporated herein by reference ("**Company Businesses**") and any present or proposed franchised Businesses in the Territory are specified on **Exhibit A** as "**Franchised Businesses**". Unless You are purchasing a Company Business or Franchised Business pursuant to separate agreement, You agree that Company Businesses and Franchise Business may continue to be operated as PREMIUM Businesses notwithstanding their location in the Territory. In any event, such Businesses will not be included under any circumstances toward meeting Your development obligations hereunder.

5.2 Acquisitions; First Right of Refusal.

(a) We may during the term hereof acquire a chain of businesses from a third party with the intention of converting some or all of such businesses to PREMIUM Businesses, in which event You agree that We may so convert any of such businesses located within the Territory so long as We satisfy the following conditions:

(i) We will first send You a written offer to purchase all such businesses within the Territory at Our total acquisition cost (including without limitation "soft" costs as defined below) for such businesses.

(ii) You will have thirty days from the date such offer is sent to accept such offer, and until You have either rejected such offer or such thirty-day period has lapsed, no conversion or other offer to third parties will be made by Us.

(iii) Your failure to accept such offer within such thirty-day period will constitute a rejection.

(b) If You have accepted the above offer and converted such business(es) to Our satisfaction, such business(es) will apply toward meeting Your development obligations under the Development Schedule. If We convert or franchise another party to convert such businesses, such businesses will not have any effect on Your obligations under the Development Schedule.

(c) For purposes herein, "**soft costs**" will mean all internal and external costs incurred by Us in connection with the acquisition. These will include, without limitation, cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each business being offered to You.

SECTION 6. TERM

6.1 Term. (a) The term of this Agreement expires ____ years from the date set forth above, or if initialed, on the date set forth below:

________________, 202__.   ___________   ___________

(b) Notwithstanding the foregoing, the term of this Agreement immediately expires when all Required Outlets under the Development Schedule are open and operating in compliance with this Agreement.

SECTION 7. DEFAULT

7.1 Default by You. We will have the right to terminate this Agreement upon thirty (30) days written notice to You if You fail to perform any of Your material obligations contained in this Agreement and fail to cure such failure within thirty (30) days of Your receipt of such notice.

7.2 Deadlines Missed by You.

(a) TIME IS OF THE ESSENCE of this Agreement. Your failure to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 7.1 hereof. If You fail to meet such a deadline, We may at any time thereafter immediately terminate this Agreement effective upon written notice from Us.

(b) The termination of this Agreement will have no effect on any franchises previously issued to You or on franchises to be issued for sites where We have already approved the site and the franchise.

7.3 Other Defaults. A default by You under any PREMIUM TERMITE & PEST CONTROL Franchise Agreement developed under this Agreement will constitute a material default under this Agreement, in which event We may terminate this Agreement unless such default is timely cured in accordance with the term of the pertinent Franchise Agreement or applicable law.

SECTION 8. PRINCIPALS; LEGAL ENTITY; COVENANTS

8.1 Definition of Principals. For purposes of this Article 8, the term "**Principals**" will include the persons executing this Agreement as Principals, their spouses, minor children, or any trust for the benefit of such persons. We have an unrestricted right to approve all owners and any future owners.

8.2 Personal Guarantees. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of the Your obligations under this Agreement and under each and every Franchise Agreement to be entered into pursuant hereto.

8.3 Conflicts of Interest. During the term of this Agreement, neither You nor any Principal will, without Our prior express written consent of, directly or indirectly, engage in, or acquire any financial or beneficial interest in, any Business which is similar to or competitive with the business of PREMIUM Business ("**Similar Business**")

8.4 Authorized Agent. You and the Principals appoint the following person with full authority (the "**Authorized Agent**") to act on Your behalf and on behalf of the Principals in regard to performing, administering or amending this Agreement and any and all Franchise Agreements related to it: ________________________________
We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You of the appointment of a successor to the Authorized Agent;

YOUR INITIALS: __________

8.5 Form of Legal Entity.

(a) If You are organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**"), the Principals must notify Us of the form of such Legal Entity and have received Our written approval and You must comply with this Subsection 8.5 and any other condition which We may require. We have unrestricted right to approve all equity owners and any future owners. We will not charge a transfer fee for forming such a Legal Entity.

(b) Unless We provide prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of developing and operating PREMIUM Businesses. There will not be more than five (5) owners of the Legal Entity in addition to the Principals without Our prior written consent and approval.

(ii) The Principal(s) (as defined in Section 8.1 above) will collectively own and control not less than fifty-one percent (51%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) Not more than twenty percent (20%) in the aggregate of the voting rights of the Legal Entity will be owned beneficially or of record by institutional firms or publicly held corporations.

(iv) There will be no public offerings of debt or equity ownership by or in the Legal Entity without Our prior written consent and approval.

(v) Prior to the end of ___ days after the date of this Agreement, at least $100,000 times the number of Required Businesses ($___________) cash will be invested in Your Legal Entity, which will be its minimum start up capitalization. You agree to furnish Us with written evidence of such investment on or before the above date.

Your Initials: ________

(vi) You must at all times maintain in the Legal Entity (A) positive working capital and (B) a net worth of at least $100,000 multiplied by the number of Required Businesses developed hereunder.

(vii) All persons with a 10% or greater interest in You must execute the Personal Guaranty in the form attached hereto as **Exhibit D**.

(viii) Each person designated as Designated Principal and Authorized Agent must own at least ten percent (10%) of the ownership interests of the Legal Entity.

(ix) You have provided Us with such documentation as We have requested to evidence the foregoing.

(c) Throughout the term of this Agreement, the Legal Entity will not make any transfer of value to any of its beneficial or record owners or any affiliate of such owner ("**Owner")** which would create negative working capital or would cause the net worth of the Legal Entity to be less than $100,000.00 multiplied by the number of Required Businesses to be developed hereunder. Similarly, there will at no time be any transfer of value to any Owner unless You are fully current in all payments to Us and Our Affiliates and all Advertising Cooperatives in the Territory. For purposes herein, "**transfer of value**" will include but not be limited to gifts, bonuses, salaries, benefits or other compensation, dividends of any nature, loans, cancellation of debt, purchases or sales, or similar transfers.

(d) You agree to notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with PREMIUM Businesses, or having a known history, reputation or character which is adverse to the interests of PREMIUM Businesses. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 8.5, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 8.5 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold approval of any transfer so long as the Principals maintain operational control of Your Legal Entity.

(f) The organization documents of the Legal Entity will contain the restrictions set forth in this Section 8.5. You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"Transfer of ownership in this company is subject to the
terms and conditions of a PREMIUM TERMITE & PEST CONTROL
Area Development Agreement and Franchise Agreement.
Reference is made to such Agreements and to the restrictive provisions
contained in this company's organization documents."

8.6 Financial Statements. You and the Principals agree that each will furnish Us every year during the term hereof a certified copy of annual financial as set forth in Our Manual. Such financial statements must be received by Us not later than one hundred twenty (120) days after the last day of each fiscal year. Any amendments to such information will be sent to us promptly. TIME IS OF THE ESSENCE with respect to completion and submission of each such document.

8.7 Security Interest. You may not grant a security interest in this Agreement or in any PREMIUM TERMITE & PEST CONTROL Franchise Agreement to any third party.

8.8 Best Efforts. You covenant that during the term of this Agreement that You and Your Principals shall devote full time, energy, and best efforts to fulfilling the obligations under this Agreement, including the development of the Required Businesses pursuant to the Development Schedule.

SECTION 9. MISCELLANEOUS

9.1 Miscellaneous.

(a) Each of the parties hereto agrees that the terms and conditions of this Agreement are confidential and restricted to the knowledge of the parties and their respective attorneys, accountants, advisors and only other persons whose knowledge of this Agreement are necessary for the implementation of the transaction contemplated hereby.

(b) The terms hereof are intended only to benefit the parties to this Agreement, and no one else is entitled to any benefits as a result of this Agreement or its terms and conditions.

(c) If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid.

(d) Except as set forth in Section 9.1(e), any unresolved dispute between the parties arising out of this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**") (currently Los Angeles County, California). At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification, or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Any arbitration must be on an individual basis and the parties, and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts.

(e) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

(f) The parties agree that except for conflict of laws issues, the law of the state where most of the Territory is located will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed according to the Federal Arbitration Act; and (b) trademark rights will be governed by and construed according to the Lanham Act.

(g) If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

(h) All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by an established overnight delivery service, or mailed by registered or certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: PREMIUM FRANCHISE CORP.
3916 Conquista Avenue
Long Beach, CA 90808
Attn: Jason Fiala, President

You: ______________________________
____
____

(i) All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. All terms used herein shall have their customary meanings unless specified to the contrary. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Words in bold face are done so for ease of reference only.

(j) Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document. This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Except as may be expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both parties.

9.2 Relationship. You acknowledge that You are an independent business and solely responsible for the development of Your Territory and management of the Required Businesses. You are not and will not represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee, or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regard to You. You will not use the name PREMIUM TERMITE & PEST CONTROL or any similar word as part of the name of a corporation or other business entity directly or indirectly associated with You, unless otherwise authorized by Us in writing.

9.3 Indemnification. You shall indemnify, defend, and hold harmless Us, Our Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees harmless, against any and all claims, losses, lawsuits, liens, demands, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Your operations hereunder. You shall reimburse Us, Our Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees for any expenses or costs any such party incurs as the result of a claim covered by the Your indemnification obligation.

9.4 Acknowledgment. BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED BUSINESSES WILL BE LARGELY DEPENDENT UPON THE ABILITIES AND EFFORTS OF YOU AND THE PRINCIPALS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED BUSINESSES WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST 7 CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU, AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

* * * * * * * * * *

Signatures follow on next page

IN WITNESS WHEREOF, the parties have executed the Agreement as of the day, month and year first above written.

Sign here if the Area Developer is an individual(s):

“You”

Print Name: _________________________ Print Name:__________________________

Signature: ___________________________ Signature: ___________________________

Sign here is the Area Developer is a company and/or legal entity:

You: _____________________________

By: ______________________________

Title: _____________________________

Principals:

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

PREMIUM FRANCHISE CORP.

By:_____________________________________
Jason Fiala, President

EXHIBIT A

TERRITORY

Your Name:

Description of Territory:

Existing PREMIUM Business (if any):

APPROVED:

YOU _________________________________

US: ____________________________

EXHIBIT B

DEVELOPMENT SCHEDULE

1. PREMIUM Business Development. We have granted to you the right to develop and operate and you agree to develop and operate a minimum number of ________ (__) PREMIUM franchise Businesses in accordance with the terms of the Agreement.

2. Development Obligations. You agree to have the minimum number of PREMIUM Business open in the Development Area during the Development Periods and in operation at the end of each of the Development Periods listed below:

DEVELOPMENT PERIOD	**DEVELOPMENT REQUIREMENTS**	
ENDING ON:	TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF PREMIUM BUSINESSES OPEN AND IN OPERATION AT END OF DEVELOPMENT PERIOD

APPROVED:

YOU: ____________________________

US: ________________________

EXHIBIT C

CONFIDENTIALITY AGREEMENT

In consideration of receiving information regarding the operation of PREMIUM Business (the "**Business**") the undersigned ("**Recipient**") agrees that:

1. Recipient will not (a) make unauthorized copies of, (b) disclose to any unauthorized person or (c) use for Recipient's benefit or a PREMIUM TERMITE & PEST CONTROL competitor's benefit any trade secrets or confidential information, knowledge or know-how about the methods of operating the Business ("**Confidential Information**") except only for information which Recipient can show was known by him or her before receiving such information from Premium Franchise Corp. or information which has become a part of the public domain through publication or communication by others.

2. Recipient agrees that any breach of this Confidentiality Agreement will cause PREMIUM operators irreparable injury and agrees that in addition to any other right or remedy provided for by law or equity, Premium Franchise Corp. shall be entitled to specific performance of, or an injunction against violation of, this Confidentiality Agreement.

3. Recipient agrees that upon request he or she will return immediately all copies of any PREMIUM TERMITE & PEST CONTROL Manuals and other documents containing Confidential Information to Premium Franchise Corp.

4. Recipient agrees that the covenants included herein survive the expiration or termination of the Area Development Agreement.

IN WITNESS WHEREOF, the undersigned has executed this document as of the date set forth below.

DATED: ____________________

Print Name:_______________________________

Signature: _______________________________

EXHIBIT D

PERSONAL GUARANTY

This Personal Guaranty is given to induce Premium Franchise Corp (the "**Franchisor**") to enter into that certain PREMIUM TERMITE & PEST CONTROL Area Development Agreement, dated _________, 202___ with ____________________________ ("**Area Developer**").

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of Area Developer, including, without limitation, all obligations arising out of the Area Development Agreement and any other agreement; including, without limitation, all PREMIUM TERMITE & PEST CONTROL Franchise Agreements entered into under the Area Development Agreement, and hereby individually undertakes to be bound by all of the terms of such agreements.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require Franchisor or its assignee to proceed against Area Developer or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds, and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors, and assigns. The Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

In connection with any litigation or arbitration to determine Guarantors' liability under this Personal Guaranty, Guarantors expressly waive Guarantors' right to trial by jury, if any, and agree to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty on _______________ [date].

"Guarantors"

Print Name: _________________________	Print Name:__________________________
Signature: ___________________________	Signature: ___________________________
Print Name: _________________________	Print Name:__________________________
Signature: ___________________________	Signature: ___________________________

Exhibit D

EXHIBIT D

CONFIDENTIALITY AGREEMENT
(OPERATIONS MANUAL)

This Confidentiality Agreement dated as of ______________________, 202____ by and between the undersigned ("You" and "Your") and Premium Franchise Corp. ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary, and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

____________________________ Printed Name: ______________________

PREMIUM FRANCHISE CORP.

By: _______________________________

Title: _____________________________

Exhibit E

NAMES AND ADDRESSES OF AGENTS FOR SERVICE OF PROCESS AND STATE REGULATORY AUTHORITIES

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Jason Fiala 3916 Conquista Avenue Long Beach, CA 90808 Tel: (888) 760-7378	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Securities Compliance Branch Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892
INDIANA	Secretary of State Administrative Offices 201 State House Indianapolis, IN 46204	Securities Commissioner Securities Division, Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020	Maryland Attorney General Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottowa P.O. Box 30213 Lansing, MI 48909 (517) 373-7117

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903	Associate Director and Superintendent of Securities Division of Securities Bldg 69, 1st Floor, 1511 Pontiac Ave. Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Division of Securities South Dakota Department of Revenue and Regulation 445 E. Capitol Avenue Pierre, SD 57501	Franchise Administrator Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4013
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 266-3432

Exhibit F

Financial Statements

Premium Franchise Corp.

September 30, 2024 and 2023

Haynie & Company
(a professional corporation)

Certified Public Accountants and Management Consultants
4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Management
Premium Franchise Corp.
Signal Hill, California

Opinion

We have audited the accompanying financial statements of Premium Franchise Corp., which comprise the balance sheets as of September 30, 2024, and 2023, and the related statements of operations, stockholders' equity, and cash flows for years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premium Franchise Corp., as of September 30, 2024, and 2023, and the results of their operations, changes in stockholders' equity, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Haynie & Company

November 6, 2024
Newport Beach, California

PREMIUM FRANCHISE CORP.
Balance Sheets
September 30, 2024 and 2023

ASSETS	2024	2023
Current assets:		
Cash and cash equivalents	$ 123,496	$ 71,768
Accounts receivable, net of allowance for credit losses of $0 and $0, respectively	6,368	3,197
Total current assets	129,864	74,965
Total assets	$ 129,864	$ 74,965
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Income taxes payable	$ -	$ 800
Other current liabilities	725	233
Total current liabilities	725	1,033
Stockholders' equity:		
Common stock, no par value; 10,000 shares authorized, issued, and outstanding	10,000	10,000
Paid-in capital	68,000	68,000
Retained earnings (deficit)	51,139	(4,068)
Total stockholders' equity	129,139	73,932
Total liabilities and stockholders' equity	$ 129,864	$ 74,965

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Statements of Operations
For the Years Ended September 30, 2024 and 2023

	2024	2023
Revenues:		
Royalties	$ 66,838	$ 51,195
Technology Fee Income	1,200	1,200
Total revenue	68,038	52,395
Operating expenses:		
Advertising and marketing	2,498	15,790
Memberships & Subscriptions	149	-
Accounting fees	5,525	4,622
Legal fees	480	629
Meals	207	-
Travel	1,408	287
Hotels	1,344	-
Utilities	420	429
Total operating expense	12,031	21,757
Operating income	56,007	30,638
Income before provision for income taxes	56,007	30,638
Provision for income taxes	(800)	-
Net income	$ 55,207	$ 30,638

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Statements of Stockholder's Equity
For the Years Ended September 30, 2024 and 2023

	Common stock		Paid-in	Retained earnings	
	Shares	Amount	capital	(deficit)	Total
Balances, September 30, 2022	10,000	$ 10,000	$ 68,000	$ (34,706)	$ 43,294
Net income for the period	-	-	-	30,638	30,638
Balances, September 30, 2023	10,000	10,000	68,000	(4,068)	73,932
Net income for the period	-	-	-	55,207	55,207
Balances, September 30, 2024	10,000	$ 10,000	$ 68,000	$ 51,139	$ 129,139

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Statement of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	$ 55,207	$ 30,638
Adjustments to reconcile net income to net cash provided by operating activities (increase) decrease:		
Accounts receivable, net	(3,171)	(2,087)
Income taxes payable	(800)	-
Other current liabilities	492	154
Cash from operating activities	51,728	28,705
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Cash, beginning of year	71,768	43,063
Cash, end of year	$ 123,496	$ 71,768

Supplemental disclosure of cash flow information:

	2024	2023
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Premium Franchise Corp. (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Organization and nature of business

The Company was organized in August of 2021 in the State of California to sell franchises for the purpose of providing termite, pest control and other related services.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. State income taxes are payable at a corporate rate of 1.5%. The California minimum tax of $800 has been accrued as of September 30, 2024. The Company's income tax returns are subject to examination by federal and state taxing authorities, generally for a period of three years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. Amounts in excess of these limits as of September 30, 2024 and 2023 were $0 and $0, respectively.

Fair value of financial instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

In 2014, the FASB issued Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on August 11, 2021. We have also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standards.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to allowance for credit losses based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through a charge to allowance for credit losses and a credit to accounts receivable. As of September 30, 2024 and 2023, there was $6,368 and $3,197, respectively, in accounts receivable. At September, 2024 and 2023, management determined a reserve for allowance for credit losses was not required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Management has evaluated the long-lived assets and has not identified any impairments as of September 30, 2024.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the period ended September 30, 2024 and 2023 was $2,498 and $15,790, respectively.

Basis of accounting

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

Leases

Effective October 1, 2022, the Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The adoption of this standard did not have a material impact on the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for credit losses

On October 1, 2023, the Company adopted Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and certain other financial assets. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted ASC 326 and all related subsequent amendments thereto effective October 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost and determined that the adoption did not have a material impact to the previously reported allowance amounts.

2. FRANCHISE AGREEMENTS AND INITIAL SERVICES

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee of $35,000, and a continuing seven percent monthly royalty fee based upon gross revenues. Subject to the Company's approval and payment of a renewal fee, a franchisee may also generally renew its agreement upon its expiration for four additional 5-year terms. As discussed in the agreement, the initial term will commence on the date of initial operation of each franchise outlet. In addition, as part of an employee initiative program provided by the Company, the Company has agreed not to require an initial franchise fee for franchisee owners who have been employees of the Company for a period longer than four years.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval, training, systems implementation, and design of a quality control program. The Company recognizes initial fees in part as revenue when substantially all distinct initial pre-opening activity services are complete and then remaining amounts will be recognized over the license term. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense. Renewal fees are recognized as income over the life of the renewal agreement, beginning when the renewal becomes effective. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

2. FRANCHISE AGREEMENTS AND INITIAL SERVICES (CONTINUED)

Area Development Agreements

The Company executes area development agreements that set the terms of its arrangement within the agreement. The agreement requires a development fee consisting of the non-refundable initial franchise fee for the first required outlet, plus $10,000 for each additional outlet.

As of September 2022, one franchise location was sold and began operating in September of 2022. The Company did not collect any initial franchise fees for this sale as outlined in the specific agreement. As of September 30, 2023, no additional franchise locations were sold.

During the 2024 year, one franchise location was sold. The Company did not collect any initial franchise fees for this sale as outlined in the specific agreement, and this location was not yet open and operating as of September 30, 2024.

3. FRANCHISE CONSULTANT AGREEMENT

In May of 2023, the Company entered into a Franchise Consultant Agreement with a certain third party. As defined in the agreement, the Company agrees to pay to this certain third party, a monthly consulting and management retainer of $2,000 and a 20% sales commission for franchise fees collected. The agreement was effective as of the execution date until either party cancelled or requested termination in writing. As discussed in Note 4, in October of 2024, the Company and third-party mutually agreed to cancel the agreement. For the year ended September 30, 2024 and 2023, the Company paid a total of $2,000 and $14,000, respectively, of consulting and management retainer fees and outside sales lead fees, which are included in total advertising and marketing fees for the year. For the years ended September 30, 2024 and 2023, the Company paid a total of $0 of sales commission fees in both years, in relation to this contract.

4. SUBSEQUENT EVENTS

Subsequent events disclosures

The Company has evaluated subsequent events through November 6, 2024, the date which the financial statements were available to be issued.

Agreement cancellation

As discussed in Note 3, in October of 2024, the Company and third-party mutually agreed to cancel the Franchise Consultant Agreement.

Financial Statements

Premium Franchise Corp.

September 30, 2023 and 2022

Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants
4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

To the Stockholders and Management
Premium Franchise Corp.
Signal Hill, California

Opinion

We have audited the accompanying financial statements of Premium Franchise Corp., which comprise the balance sheets as of September 30, 2023, and 2022, and the related statements of operations, stockholders' equity, and cash flows for years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premium Franchise Corp., as of September 30, 2023 and 2022, and the results of their operations, changes in stockholders' equity, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

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

Haynie & Company

November 22, 2023
Newport Beach, California

PREMIUM FRANCHISE CORP.
Balance Sheets
September 30, 2023 and 2022

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	$ 71,768	$ 43,063
Accounts receivable, net	3,197	1,110
Total current assets	74,965	44,173
Total assets	$ 74,965	$ 44,173
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Income taxes payable	$ 800	$ 800
Other current liabilities	233	79
Total current liabilities	1,033	879
Stockholders' equity:		
Common stock, no par value; 10,000 shares authorized, issued, and outstanding	10,000	10,000
Paid-in capital	68,000	68,000
Accumulated deficit	(4,068)	(34,706)
Total stockholders' equity	73,932	43,294
Total liabilities and stockholders' equity	$ 74,965	$ 44,173

PREMIUM FRANCHISE CORP.

Statements of Operations

For the Years Ended September 30, 2023 and 2022

	2023	2022
Revenues:		
Royalties	$ 51,195	$ 1,110
Technology Fee Income	1,200	-
Total revenue	52,395	1,110
Operating expenses:		
Advertising and marketing	15,790	2,036
Accounting fees	4,622	4,292
Legal fees	629	11,320
Meals	-	70
Office expense	-	149
Travel	287	-
Utilities	429	349
Total operating expense	21,757	18,216
Operating income (loss)	30,638	(17,106)
Income (loss) before provision for income taxes	30,638	(17,106)
Provision for income taxes	-	(800)
Net income (loss)	$ 30,638	$ (17,906)

PREMIUM FRANCHISE CORP.
Statements of Stockholder's Equity
For the Years Ended September 30, 2023 and 2022

	Common Stock		Paid-in	Accumulated	
	Shares	Amount	capital	deficit	Total
Balances, September 30, 2021	10,000	$ 10,000	$ 68,000	$ (16,800)	$ 61,200
Net loss for the period	-	-	-	(17,906)	(17,906)
Balances, September 30, 2022	10,000	10,000	68,000	(34,706)	43,294
Net income for the period	-	-	-	30,638	30,638
Balances, September 30, 2023	10,000	$ 10,000	$ 68,000	$ (4,068)	$ 73,932

PREMIUM FRANCHISE CORP.
Statement of Cash Flows
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income (loss)	$ 30,638	$ (17,906)
Adjustments to reconcile net income to net cash provided by operating activities (increase) decrease:		
Accounts receivable, net	(2,087)	(1,110)
Other current liabilities	154	79
Cash from operating activities	28,705	(18,937)
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Cash, beginning of year	43,063	62,000
Cash, end of year	$ 71,768	$ 43,063

Supplemental disclosure of cash flow information:

	2023	2022
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ 800

PREMIUM FRANCHISE CORP.
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Premium Franchise Corp. (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Organization and nature of business

The Company was organized in August of 2021 in the State of California to sell franchises for the purpose of providing termite, pest control and other related services.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. State income taxes are payable at a corporate rate of 1.5%. The California minimum tax of $800 has been accrued as of September 30, 2023 and 2022. The Company's income tax returns are subject to examination by federal and state taxing authorities, generally for a period of three years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. Amounts in excess of these limits as of September 30, 2023 and 2022 were $0 and $0, respectively.

Fair value of financial instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

In 2014, the FASB issued Revenue from Contracts with Customer (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on August 11, 2021. We have also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standards.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. As of September 30, 2023 and 2022, there was $3,197 and $1,110, respectively, in accounts receivable. At September, 2023 and 2022, management determined a reserve for doubtful accounts was not required.

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. Management has evaluated the long-lived assets and has not identified any impairments as of September 30, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the period ended September 30, 2023 and 2022 was $15,790 and $2,036, respectively.

Basis of accounting

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

Recent accounting pronouncements

Effective October 1, 2022, the Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The adoption of this standard did not have a material impact on the accompanying financial statements.

Subsequent events disclosures

The Company has evaluated subsequent events through November 22, 2023, the date which the financial statements were available.

2. FRANCHISE AGREEMENTS AND INITIAL SERVICES

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee of $35,000, and a continuing seven percent monthly royalty fee based upon gross revenues. Subject to the Company's approval and payment of a renewal fee, a franchisee may also generally renew its agreement upon its expiration for four additional 5-year terms. As discussed in the agreement, the initial term will commence on the date of initial operation of each franchise outlet. In addition, as part of an employee initiative program provided by the Company, the Company has agreed not to require an initial franchise fee for franchisee owners who have been employees of the Company for a period longer than four years.

2. FRANCHISE AGREEMENTS AND INITIAL SERVICES (CONTINUED)

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval, training, systems implementation, and design of a quality control program. The Company recognizes initial fees in part as revenue when substantially all distinct initial pre-opening activity services are complete and then remaining amounts will be recognized over the license term. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense. Renewal fees are recognized as income over the life of the renewal agreement, beginning when the renewal becomes effective. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

Area Development Agreements

The Company executes area development agreements that set the terms of its arrangement within the agreement. The agreement requires a development fee consisting of the non-refundable initial franchise fee for the first required outlet, plus $10,000 for each additional outlet.

As of September 2022, one franchise location was sold and began operating in September of 2022. The Company did not collect any initial franchise fees for this sale as outlined in the specific agreement. As of September 30, 2023, no additional franchise locations were sold.

3. FRANCHISE CONSULTANT AGREEMENT

In May of 2023, the Company entered into a Franchise Consultant Agreement with a certain third party. As defined in the agreement, the Company agrees to pay to this certain third party, a monthly consulting and management retainer of $2,000 and a 20% sales commission for franchise fees collected. The agreement is effective as of the execution date until either party cancels or requests termination in writing. For the year ended September 30, 2023, the Company paid a total of $14,000 of consulting and management retainer fees and outside sales lead fees, which are included in total advertising and marketing fees for the year. For the year ended September 30, 2023, the Company paid a total of $0 of sales commission fees, in relation to this contract.

Financial Statements

Premium Franchise Corp.

September 30, 2022 and 2021

Haynie & Company
(a professional corporation)

Certified Public Accountants and Management Consultants
4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Management
Premium Franchise Corp.
Signal Hill, California

Opinion

We have audited the accompanying financial statements of Premium Franchise Corp., which comprise the balance sheets as of September 30, 2022, and 2021, and the related statements of operations, stockholders' equity, and cash flows for years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premium Franchise Corp., as of September 30, 2022 and 2021, and the results of their operations, changes in stockholders' equity, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Haynie & Company

November 8, 2022
Newport Beach, California

PREMIUM FRANCHISE CORP.
Balance Sheets
September 30, 2022

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents	$ 43,063	$ 62,000
Accounts receivable, net	1,110	-
Total current assets	44,173	62,000
Total assets	$ 44,173	$ 62,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Income taxes payable	$ 800	$ 800
Other current liabilities	79	-
Total current liabilities	879	800
Stockholders' equity:		
Common stock, no par value; 10,000 shares authorized, issued, and outstanding	10,000	10,000
Paid-in capital	68,000	68,000
Accumulated deficit	(34,706)	(16,800)
Total stockholders' equity	43,294	61,200
Total liabilities and stockholders' equity	$ 44,173	$ 62,000

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Statements of Operations
For the Years Ended September 30, 2022 and 2021

	2022	2021
Revenues:		
Royalties	$ 1,110	$ -
Total revenue	1,110	-
Operating expenses:		
Advertising and marketing	2,036	-
Accounting fees	4,292	-
Legal fees	11,320	16,000
Meals	70	-
Office expense	149	-
Utilities	349	-
Total operating expense	18,216	16,000
Operating loss	(17,106)	(16,000)
Loss before provision for income taxes	(17,106)	(16,000)
Provision for income taxes	(800)	(800)
Net loss	$ (17,906)	$ (16,800)

See notes to financial statements.

PREMIUM FRANCHISE CORP.

Statements of Stockholder's Equity

For the Years Ended September 30, 2022 and 2021

	Common Stock		Paid-in	Accumulated	
	Shares	Amount	capital	deficit	Total
Balances, August 11, 2021 (inception)	-	$ -	$ -	$ -	$ -
Issuance of common stock	10,000	10,000	60,000	-	70,000
Payment of legal fees	-	-	8,000	-	8,000
Net loss for the period	-	-	-	(16,800)	(16,800)
Balances, September 30, 2021	10,000	$ 10,000	$ 68,000	$ (16,800)	$ 61,200
Net loss for the period	-	-	-	(17,906)	(17,906)
Balances, September 30, 2022	10,000	$ 10,000	$ 68,000	$ (34,706)	$ 43,294

See notes to financial statements.

PREMIUM FRANCHISE CORP.
Statement of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net loss	$ (17,906)	$ (16,800)
Adjustments to reconcile net income to net cash provided by operating activities (increase) decrease:		
Accounts receivable, net	(1,110)	-
Income taxes payable	-	800
Other current liabilties	79	-
Cash from operating activities	(18,937)	(16,000)
Cash flows from investing activities:	-	-
Cash flows from financing activities:		
Issuance of common stock	-	10,000
Contributions from stockholders'	-	68,000
Cash from financing activities	-	78,000
Cash, beginning of year	62,000	-
Cash, end of year	$ 43,063	$ 62,000
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ 800	$ -

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Premium Franchise Corp. (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Organization and nature of business

The Company was organized in August of 2021 in the State of California to sell franchises for the purpose of providing termite, pest control and other related services.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. State income taxes are payable at a corporate rate of 1.5%. The California minimum tax of $800 has been accrued as of September 30, 2022 and 2021. The Company's income tax returns are subject to examination by federal and state taxing authorities, generally for a period of three years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. Amounts in excess of these limits as of September 30, 2022 and 2021 were $0 and $0, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

In 2014, the FASB issued Revenue from Contracts with Customer (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. We adopted the standard on August 11, 2021. We have also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standards.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term.

Fair value of financial Instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. As of September 30, 2022 and 2021, there was $1,110 and $0, respectively, in accounts receivable. At September, 2022 and 2021, management determined a reserve for doubtful accounts was not required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Management has evaluated the long-lived assets and has not identified any impairments as of September 30, 2022.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the period ended September 30, 2022 and 2021 was $2,036 and $0, respectively.

Basis of accounting

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

Subsequent events disclosures

The Company has evaluated subsequent events through November 8, 2022, the date which the financial statements were available.

Franchise Agreements

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee of $35,000, and a continuing seven percent monthly royalty fee based upon gross revenues. Subject to the Company's approval and payment of a renewal fee, a franchisee may also generally renew its agreement upon its expiration for four additional 5-year terms. As discussed in the agreement, the initial term will commence on the date of initial operation of each franchise outlet. In addition, as part of an employee initiative program provided by the Company, the Company has agreed not to require an initial franchise fee for franchisee owners who have been employees of the Company for a period longer than four years.

2. FRANCHISE AGREEMENTS AND INITIAL SERVICES

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval, training, systems implementation, and design of a quality control program. The Company recognizes initial fees in part as revenue when substantially all distinct initial pre-opening activity services are complete and then remaining amounts will be recognized over the license term. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense. Renewal fees are recognized as income over the life of the renewal agreement, beginning when the renewal becomes effective. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

Area Development Agreements

The Company executes area development agreements that set the terms of its arrangement within the agreement. The agreement requires a development fee consisting of the non-refundable initial franchise fee for the first required outlet, plus $10,000 for each additional outlet.

As of September 2022, one franchise location was sold and began operating in September of 2022. The Company did not collect any initial franchise fees for this sale as outlined in the specific agreement. As of September 30, 2021, no franchise locations were sold.

3. CONTINGENCY

On March 19, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic and public health emergency. The related development and fluidity of this situation presents uncertainty and precludes any prediction as to any ultimate material adverse impact to the Company. The Company continues to monitor the situation and navigate the many resources available to it; however, the uncertainty presents risks with respect to the Company, its performance, and its financial results.

Exhibit G

LIST OF FRANCHISED LOCATIONS
As of September 30, 2024

Joel Allen
Premium Termite & Pest Control of Ventura County North, Inc.
600 West Cedar Street
Oxnard, CA 93033

Danny Mac
Danny Mac, Inc. (dba Premium Termite & Pest Control of Orange County)
134 Tierra Montanosa
Rancho Santa Margarita, CA 92688

Exhibit
H

STATE ADDENDA

APPENDIX TO
PREMIUM FRANCHISE CORP.
CALIFORNIA FRANCHISE DISCLOSURE DOCUMENT, AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENTS.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Item 2:

None of the persons identified in Item 2 of the franchise disclosure document ("FDD") is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Item 12:

You will not receive an exclusive territory, and You may face competition from other franchisees, from outlets that We own, or from other channels of distribution or competitive brands that We control.

Item 17:

In connection with Item 17 of the franchise disclosure document, the following paragraphs are included pursuant to California law:

1. The franchise agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

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

5. The franchise requires a franchisee to execute a general release of claims upon renewal or transfer of the agreement. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

6. The Agreements require application of the laws of the state where Your Business is located. This provision may not be enforceable under California law.

7. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

8. The current maximum legal interest rate in California is 10%.

9. Re: Website: https://www.premiumtpc.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

10. California Corporations Code Section 31512.1 - Franchise Agreement Provisions Void as Contrary to Public Policy:

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

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
(d) Violations of any provisions of this division.

11. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

12. No statement, questionnaire, or acknowledgement signed by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) as waiving any claims under applicable state 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 or inconsistent term of any document executed in connection with the franchise.

PREMIUM FRANCHISE CORP

State Effective Dates

The following states 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	

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.

Multistate Effective Date: November 6, 2024

Exhibit I

ITEM 23. RECEIPT

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

The franchisor is Premium Franchise Corp. located at 3916 Conquista Ave., Long Beach, CA 90808; tel: (888) 760-7378.

If Premium Franchise Corp. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Premium Franchise Corp. does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit E.

The franchise sellers for this offering are Jason Fiala and Joey Hiatt at 3916 Conquista Ave., Long Beach, CA 90808; tel: (888) 760-7378.

Premium Franchise Corp. authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

Issuance Date: November 6, 2024

I received a disclosure document dated November 6, 2024, that included the following Exhibits:

A. Preliminary Agreement
B. Franchise Agreement
C. Area Development Agreement
D. Confidentially Agreement
E. State Agents and State Administrators
F. Financial Statements
G. List of Franchisees
H. State Addendum
I. Receipt

Date Franchise Disclosure Document Received: ________________

Signed: ____

Printed Name: ___________________________________

Please date and sign the Receipt and keep this copy for your records. **YOUR COPY**

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F. Financial Statements
G. List of Franchisees
H. State Addendum
I. Receipt

Date Franchise Disclosure Document Received: ________________

Signed: ____
Printed Name: ____________________________________

Please date and sign the Receipt, and return it by Mail to: Jason Fiala 3916 Conquista Ave., Long Beach, CA 90808 or Email to jason@premiumtpc.com.

FRANCHISOR'S COPY