RIVER POOLS®

FRANCHISE DISCLOSURE DOCUMENT

River Pools Franchising, LLC
An Indiana Limited Liability Company
840 Commerce Pkwy
Fortville, IN 46040
1-888-358-7665
www.riverpoolsandspas.com

The franchisee will operate an independent swimming pool sales and installation services business utilizing our affiliate's fiberglass swimming pools shells and related swimming pool products, including spas, tanning ledges, motors, pumps, and filters. Additionally our franchises provide swimming pool maintenance services, and other related services.

The total investment necessary to begin operation of a RIVER POOLS franchised business is $113,700 to $288,200. This includes $50,000 that must be paid to the franchisor or its affiliate.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 to you. To discuss the availability of different formats, contact River Pools Franchising, LLC, 840 Commerce Pkwy., Fortville, IN 46040, 1-888-358-7665.

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

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

Issuance date: April 30, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit "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 "B" 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 River Pools 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 River Pools franchisee?	Item 20 or Exhibit "H" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 in Exhibit "F".

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with us by mediation, arbitration, or litigation only in Indiana. Out-of-State meditation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with us in Indiana that in your own state.

2. **Early Stage of Development.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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Item 1: The Franchisor and any Parents, Predecessors, and Affiliates

Introduction. To simplify the language in this Franchise Disclosure Document, unless the context otherwise requires, all references to "Franchisor", "we", "us", or "our" refer to River Pools Franchising, LLC, and all references to "Franchisee", "you", or "your" refer to the person or legal entity granted the right to operate a RIVER POOLS franchise under the terms and conditions of the RIVER POOLS Franchise Agreement. If you are a corporation, limited liability company, or any other type of legal entity allowed by your state law, the term "you" or "your" may apply to your owners, officers or directors. A copy of the Franchise Agreement is attached to this Franchise Disclosure Document as Exhibit "A".

The franchise is referenced as the "Franchised Business", "Franchise" or "RIVER POOLS business". Our unique and distinctive system for operating RIVER POOLS businesses is referenced as the "System" and our current and future trade names, trademarks, service marks and trade dress used to identify RIVER POOLS businesses and the products and services offered by RIVER POOLS businesses, including the "RIVER POOLS" mark and the distinctive color scheme and signage of RIVER POOLS businesses is referred to as the "Marks". Our mandatory and suggested specifications, standards and operating procedures for how to operate the Franchised Business, as communicated to you in our operating manuals or through other communications to you, is referred to as our "Methods of Operation" The use of paragraph captions throughout this document is for convenience of reference only and is not intended to change the meaning of any text.

The Franchisor and Predecessors. We are an Indiana limited liability company formed in September 2020. From January 22, 2019 through September 23, 2020, the immediate predecessor franchisor was River Pools Franchising, Inc., a Virginia corporation. For purposes of this Disclosure Document, River Pools Franchising, Inc. is deemed the "Predecessor Franchisor." We have not had any other predecessors during the 10-year period immediately before the date of this Disclosure Document.

We offer franchises for RIVER POOLS businesses. Our principal business address is 840 Commerce Pkwy, Fortville, IN 46040. Our agent or agents to receive service of process, if any, are identified in attached Exhibit "C". We intend to do business under our corporate name and under the RIVER POOLS name. We do not do business under another name.

Our Predecessor Franchisor has been offering RIVER POOLS franchises for sale since February, 2019. We and our Predecessor Franchisor have not in the past and do not now directly operate a business of the type being franchised. We have not in the past and do not now engage in other business activities. We do not now and have never in the past offered franchises in any other lines of business. Our Predecessor Franchisor has ceased offering this franchise on September 23, 2020.

Parents. There is no parent entity of River Pools Franchising, LLC.

Affiliates. Thursday Pools, LLC, an Indiana limited liability company, formed on August 17, 2010, is our affiliate. Thursday Pools, LLC's principal address is 840 Commerce Parkway,

Fortville, IN 46040. Thursday Pools, LLC owns our principal trademarks. You will conduct business directly with Thursday Pools, LLC as under the terms of the Franchise Agreement. Thursday Pools, LLC is your mandatory supplier for our fiberglass swimming pool shells and related swimming pool products, including spas and tanning ledges. Thursday Pools, LLC does not now and has never in the past offered franchises in any line of business.

Franchises Offered Generally. You must sign our then-current form of franchise agreement (the "Franchise Agreement") for each RIVER POOLS franchise business you open. Each Franchise Agreement will grant you the right to own and operate a single RIVER POOLS franchise business within a designated territory.

Our Methods of Operation are incorporated by reference into the terms of the Franchise Agreement. By signing the Franchise Agreement, you agree to comply throughout the term of the Franchise Agreement with our Operating Manual and any other specifications, standards, and operating procedures communicated in any form from us to you. Periodically we may modify our required Methods of Operation and you must comply with any changed operating requirements that we communicate to you.

As a RIVER POOLS franchise, you will operate a swimming pools sales, installation, and maintenance services business. Typically, the Franchised Business will employ key personnel who will work cooperatively in generating and managing sales leads and installations, scheduling and managing projects, managing customer and subcontractor relationships, and managing and maintaining administrative oversight of the business. Generally, you may use the services of subcontractors for completing some of the construction related requirements of the client projects on which you are engaged, including excavation work required for installation of swimming pool shells.

You may elect to operate your franchise from a home-based office or from a commercial office or retail space. In operating the franchise, you will receive from us any swimming pool shells and other products at mutually agreed drop locations. You are responsible for scheduling and/or arranging transportation of the swimming pool shells to customer homes and other locations, and for installation of the swimming pools, all in compliance with our standards.

Operating in a Territory. As a franchisee, you will have a protected territory in which to offer our approved RIVER POOLS products and services. The typical customer of the Franchised Business will be a residential homeowner who desires to purchase a new in-ground swimming pool, or who needs swimming pool maintenance services. You will visit job sites regularly as a function of the business to meet with clients, to monitor the progress of projects, and to provide oversight over the work of your subcontractors.

Operating Standards. You will need to obtain and maintain a general contractor's license in any state in which you operate the Franchised Business. You may need to obtain other required licenses specific to the services offered by RIVER POOLS businesses. As a routine function of the business, you will need to hire duly licensed subcontractors with various forms of construction related expertise. Managing the subcontractor relationships is an essential component of the Franchised Business, including insuring that all subcontractors are paid on a timely basis for work

that is completed successfully. All subcontractors who are hired by the Franchised Business must meet the required standards we designate to you under our Methods of Operation.

The subcontractor standards that we specify may relate to required expertise or experience of the subcontractor, the subcontractor holding any required business licenses, the subcontractor maintaining required business insurance or bonding, the subcontractor meeting our required job performance or customer satisfaction levels, the subcontractor having an adequate number of employees or having adequate vehicles or equipment, the prior project management experience of the subcontractor, the business location of the subcontractor, or the subcontractor meeting any other standards that we may designate to you. Periodically during the term of the Franchise Agreement we may amend our subcontractor standards and if you use the services of any subcontractor you must comply with any applicable changed subcontractor requirements that we specify to you.

Professional Trade Organizations. You are required throughout the term of the Franchise Agreement to belong to any professional trade organization that we may designate. You must pay any membership or related fees required to belong to a specified professional trade organization.

Market for the Services. The products and services our franchisees sell are well recognized and are generally available from other sources. The market for our franchisees' products and services is well developed. Generally, there is seasonality for selling our approved products and services based on the local weather conditions.

Competition. The swimming pool industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, and increases in the number of, and particular locations of competing businesses. Various factors can adversely affect the swimming pool industry, including the state of the national or regional economy, inflation, increases in materials, labor and energy costs, fluctuating interest and insurance rates, state and local regulations and licensing requirements, and the availability of an adequate number of qualified subcontractors. There are other competing concepts operating nationally, regionally and locally and some of these businesses may have greater financial resources and longer operating histories. You may compete with companies offering other forms of swimming pools, including above ground pools, and in-ground pools constructed of differing materials.

Industry Specific Laws and Regulations. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupation, Health and Safety Act, also apply to RIVER POOLS businesses. Some jurisdictions may have laws which provide for specific licensing, bonding, insurance, health provisions, and similar requirements which may be applicable to the Franchised Business. State and local agencies regularly inspect businesses to ensure that they comply with these laws and regulations. You may need to obtain licenses specific to the transportation of swimming pool shells.

Your development and operation of the Franchised Business will also be subject to compliance with applicable environmental regulations as well as federal and state minimum wage

laws governing such matters as working conditions, overtime and other employee matters. We recommend that you check with your state and local agencies to determine which laws apply to the operation of a RIVER POOLS business in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

There may be laws or regulations specific to contracting services and the products and services offered by this type of business in the state or local area in which you will operate your franchise. You may need to comply with Federal Environmental Protection Agency laws and regulations governing storage, use and disposal of chemicals and with any similar state or local laws.

These are only examples of some, but not all, of the laws and regulations with which you may need to comply in the state or local area in which you will operate your RIVER POOLS Franchised Business. It is your responsibility to investigate and to comply with any laws or regulations in your state or local area, and to obtain all required licenses and permits required to operate the Franchised Business. It is your responsibility to fully investigate and to comply throughout the term of the Franchise Agreement in operating your Franchised Business in adherence with all federal, state, or local laws, regulations, rules and ordinances in operating your Franchised Business. You should consult with an attorney to ensure your compliance with all laws, regulations, rules and ordinances that may affect your business. You should fully investigate all laws and regulations applicable to operating the Franchised Business before you decide to purchase a franchise.

Non-Standard Franchise Transactions. Periodically, we may sell and franchise one or more of our company-owned RIVER POOLS businesses. In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement. If you purchase a company-owned RIVER POOLS business, you must sign a Franchise Agreement. Depending on the circumstances, the financial and other terms may vary materially from the standard terms of our Franchise Agreement.

We also may enter into joint venture or partnership arrangements with existing franchisees or others to develop RIVER POOLS locations. The parties negotiate the terms of these arrangements. Depending on the precise terms of these arrangements, these RIVER POOLS locations may be considered to be either company-owned or franchised RIVER POOLS locations for purposes of this Franchise Disclosure Document. Depending on the circumstances, the financial and other terms may vary materially from the standard terms of our Franchise Agreement.

Item 2: Business Experience

Ed Vondell, Member and Manager

From July 2020 through the date of this disclosure document, Ed Vondell has served as a Member and Manager of River Pools Franchising, LLC. From at least January 2017 through the date of this disclosure document, Mr. Vondell has served in various roles with Thursday Pools, LLC, including Member and Manager. Additionally, from January 2017 through the date of this disclosure document, Mr. Vondell has served as the Managing Member of VonLosa Holdings.

Bill Khamis, Member and Manager

From July 2020 through the date of this disclosure document, Bill Khamis has served as a Manager of River Pools Franchising, LLC. From at least January 2017 through the date of this disclosure document, Mr. Khamis has served as a Member, Manager and Chief Financial Officer of our affiliate, Thursday Pools, LLC.

Jason Hughes, President and Manager

From September 2020 through the date of this disclosure document, Jason Hughes has served as the President and Manager of River Pools Franchising, LLC. From January 2019 through September 2020, Mr. Hughes served in the same positions with our Predecessor Franchisor, River Pools Franchising, Inc. From at least January 2017 until the date of this disclosure document, Mr. Hughes as served as President of River Pools and Spas, Inc. From at least 2017 through the date of this disclosure document, Mr. Hughes has served as the President of Alma Group, LLC.

Bethany Walston, General Manager

From September 2020 through the date of this disclosure document, Bethany Walston has served as the General Manager of River Pools Franchising LLC. From January 2019 through September 2020, Ms. Walston held the same positions with our Predecessor Franchisor, River Pools Franchising, Inc. From May 2017 through January 2019, Ms. Walston served as an Administrator for River Pools and Spas, Inc.

Tom Cottle

From January 2022 through the date of this disclosure document, Thomas Cottle, has been employed by River Pools Franchising LLC as the National Sales Manager. Prior to joining River Pools Franchising LLC as an employee, Mr. Cottle was a consultant to River Pools Franchising, LLC. Additionally, from at last January 2017 through January 2022, Mr. Cottle was the owner of Web Designers, LLC.

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

You will pay us a lump-sum non-refundable Franchise Fee when you sign the Franchise Agreement. The initial Franchise Fee is $50,000, which must be paid in certified funds. The initial Franchise Fee is not refundable under any circumstances. The Franchise Fee is uniform to all

franchisees. We have the right to alter the Franchise Fee periodically as business circumstances warrant.

Item 6: Other Fees

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	12% of the then-current listed price (the "Manufacturer's Listed Price") which we, or any Affiliate, identify as the standard price of any model of RIVER POOLS swimming pool shell. Calculated on a per swimming pool shell basis.	When any order from you is received by us, or by any Affiliate, or by any duly authorized third party, for the purchase of a swimming pool shell	Paid to us for our ongoing support and your use of the Marks and System. See Article 3.1 of the Franchise Agreement
Technology Fee[1]	The sum of $500 per month for one authorized user, or $750 per month to allow more than one authorized user	Monthly	Paid to us per user for ongoing access to our online systems.
Interest[2]	The lesser of 10% or the highest interest rate permitted in the state in which you operate	When underlying obligation is paid[2]	Paid to us for overdue amounts.
Additional Required Training Fees	Varies, but base amount is $500 per day per person trained	As we and you agree	Paid to us for additional required training. May not be uniformly imposed depending on specific circumstances.
Per Day Fee	$500 per person, subject to change	As we and you agree	Paid to us if you need us to help you operate the Franchise. May not be uniformly imposed depending on specific circumstances.
Supplier Testing Fee	Actual Costs	Reimbursement of costs and expenses in approval in evaluating a new supplier that you propose to use	Paid to us if you propose to use a supplier that is not already approved by us. We estimate the cost to be $500-$2,000.
Advertising Fee	2% of the then-current Manufacturer's List Price per swimming pool shell that you purchase from us, or from any Affiliate, or from any duly authorized third party	Monthly	Paid to us to promote the Marks and the System regionally or nationally.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Auditing Costs	Actual Costs	Reimbursement of our actual auditing costs	We assess this charge only for audits needed in the event you fail to comply with the Franchise Agreement, fail to allow full access to your records, or we find that you underreported your Gross Revenue[3] by 2% or more for two or more reporting periods.
Transfer Fee	50% of then-current Franchise Fee if selling between years 1 and 3; 25% of then-current Franchise Fee if selling at year 4; 20% of then-current Franchise Fee if selling at year 5; 15% of then-current Franchise Fee if selling at year 6; 10% of Franchise Fee if selling at year 7; 5% of Franchise Fee if selling between years 8 and 10	Concurrently with the transfer	Paid to us if you want to transfer the Franchise to a third party.
Renewal Franchise Fee	$5,000	Concurrently with our granting a renewal of your franchise	Paid to us if you sign a new franchise agreement upon expiration of the initial franchise agreement.
Costs and Attorney's Fees	Actual Costs	Reimbursement of our actual costs	Paid to us by you for accounting, attorney and other professional fees if an action is brought against you for breach of the Franchise Agreement.

All fees may be uniformly imposed by us in our sole business judgment. All fees payable to us are non-refundable. There are no franchise cooperatives in existence, so there are no fees imposed by cooperatives and no voting power requirements for company-owned outlets.

[1]The Technology Fee includes the following: Hubspot Software, including subscription for two Sales Pro Users; PandaDoc workspace for one user; GSuite Software, including setup and access for up to eight users; and one QuickBooks Essential subscription. The Technology Fee does not include BuilderTrend or PoolStudio software programs or additional users of the above-listed software programs. We have the right to change the Technology Fee as we deem appropriate upon providing you 30 days' written notice.

[2]Interest accrues from the date any payment is due, with compounding as permitted by law.

[3]As the term is used in the Franchise Agreement, "Gross Revenue" means all revenue you derive from operating the franchise, and whether from cash, check, credit, or barter transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and

paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the franchise in compliance with our Methods of Operation.

Item 7: Estimated Initial Investment

Category of Investment	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee[1]	$50,000	Lump sum	When you sign the Franchise Agreement	Us
Leasehold Improvements and Signs[2]	$0 – $9,000	As Arranged	As Arranged	Approved Suppliers
Equipment and Supplies[3]	$5,000 - $15,000	As Arranged	As Arranged	Approved Suppliers
Inventory[4]	$5,000 - $60,000	As Arranged	As Arranged	Our Affiliate, Thursday Pools, LLC
Vehicle[5]	$4,500 - $30,000	Terms vary	At time of lease	Approved Suppliers
Technology and Office Equipment[6]	$3,000 - $7,000	As Arranged	As Arranged	Approved Suppliers
Start-Up Marketing[7]	$7,500 - $10,000	As Arranged According to our Methods of Operation	As Arranged According to our Methods of Operation	Advertisers
Insurance[8]	$10,000 - $15,000	Terms vary	Before beginning to operate	Insurance companies
Professional Fees[9]	$2,000 - $3,000	Terms vary	Terms vary	Accountants, lawyers, etc.
Licenses/Bonds[10]	$500 - $1,000	Lump sum on application	Before beginning to operate	Government agencies and bonding companies
Lease Deposits[11]	$0 – $10,000	Lump sum	Before beginning to operate	Landlord
Your Out-of-Pocket Expenses While Attending Training[12]	$1,200 - $3,200	Terms vary	Terms vary	Airfare, ground transportation, meals, lodging, etc.

Category of Investment	Amount	Method of Payment	When Due	To Whom Paid
Working Capital (Additional Funds over next 3 months)[13]	$25,000 - $75,000	Terms vary	Amount varies over the next 3 months	Prior to and during the 3 month period after beginning of operations
Total	$113,700 - $288,200			

1 We may offer you financing of your initial franchise fee or your initial inventory by signing a promissory note with us as described in more detail in Item 10. Other than the initial franchise fee and initial inventory, we do not provide any other direct or indirect financing.

2 The low estimated amount is if you operate the business out of your home. The high estimated amount is if you operate the business from a location that requires leasehold improvements and signs. These fees are typically non-refundable.

3 The estimated amounts are for any equipment, tools, or supplies that you may need to purchase. Typically, the equipment, tools, and supplies may be returned in unused but are otherwise nonrefundable. You should inquire about the return policy at or before the time of purchase.

4 Inventory refers to the pool shells you are required to purchase from our affiliate, Thursday Pools, LLC. You are not required to purchase any inventory at the time of signing the Franchise Agreement. You will only purchase inventory from our affiliate, Thursday Pools, LLC when you receive a signed contract from a customer to complete a pool project. These costs are non-refundable.

5 The estimated range is for obtaining a vehicle that complies with our requirements. Typically, the cost of obtaining a vehicle is non-refundable.

6 The estimated amounts are for any computers, software, or office equipment you need to operate the Franchised Business. These costs are typically non-refundable.

7 You must spend at least $7,500 for the required initial marketing program. This fee is non-refundable.

8 We have provided an estimate for the first-year insurance premiums for the minimum commercial general liability insurance and commercial automobile insurance amounts that we require for the Franchised Business. Our estimate includes obtaining commercial automobile insurance for one vehicle and your insurance premiums may be higher if you operate multiple vehicles. The amounts you pay for insurance are typically non-refundable.

[9] Professional fees may include setting up a corporation or other business entity, filing the necessary forms, setting up an accounting system, etc. These fees are typically non-refundable.

[10] This is an estimate of the cost of potential licenses you may need to obtain prior to operating the business. These fees are typically non-refundable.

[11] The high estimated amount is for 2 months deposit at a leased business location with space to store one swimming pool shell. The deposit is typically refundable.

[12] The initial training program is 4 days. The estimated amount includes potential travel and living expenses for up to 2 people to attend initial training. These expenses are typically non-refundable.

[13] Additional funds are an estimate of the amount of cash required to cover any operating expenses during your first 3 months of operation. The lower end represents estimated expenses to maintain minimal operations without any sales for three months. The high end is a more conservative working capital estimate. Your costs will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, and the prevailing wage rate in your particular geographic area. These estimates are based on our experience in franchising the last two years and our Predecessor Franchisor's experience in franchising for the year prior to that.

Item 8: Restrictions on Sources of Products and Services

The personal property listed in Item 7 must be purchased by you from us, our Affiliates, our approved suppliers, or according to our specifications.

Any products that you purchase from us or our Affiliates will be sold to you at our then-current prices and will be subject to our then-current terms and conditions. Our affiliate, Thursday Pools, manufactures the pool shells that you are required to purchase. As of December 31, 2021, Thursday Pools collected $5,456,390.21 in revenue from franchisee purchases.

You are required to purchase Pentair pool equipment and products, which you must purchase from SCP Distributors, LLC. We are enrolled in a Pentair franchise program that provides revenue to us from franchisees' purchases of pool equipment through SCP Distributors, LLC. As of December 31, 2021, we received $140,906.00 in revenue from franchisee purchases. As shown in our audited financial statements in Exhibit B, our total revenue as of December 31, 2021, was $540,926.00. Thus, your required purchase of pool equipment and products from SCP Distributors, LLC constitutes twenty-six percent (26%) of our total revenue earned as of December 31, 2021.

You may be required to use the services of our approved third-party survey company, Birdeye, as a condition of operating the Franchised Business. We do not receive any revenue or other benefit from your required use of Birdeye.

As of the date of this disclosure document, none of our officers own any interest in any of our approved suppliers other than in our Affiliate, Thursday Pools, LLC. Any computer software and hardware we require you to use is not our proprietary property.

You may only offer the products and services that we authorize and approve. Our approved suppliers and specifications are identified in our Operating Manual. Approved suppliers and specifications are determined based on the current needs for operating the Franchised Business.

We evaluate approved suppliers based on price, service, quality, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications are updated periodically in writing by modifying the appropriate pages of the Operating Manual. We will send you modified pages electronically, through the United States Mail, or by any other commercially reasonable means we determine in our business judgment. We have procedures for approving vendors and suppliers you recommend. It takes up to 90 days to evaluate new vendors or suppliers after we have received all information we require concerning the proposed vendor or products or services, including our obtaining any testing results we specify, in our sole business judgment.

We may approve or disapprove any supplier, and we may approve a supplier conditionally, provided, however, that approval will not be withheld unreasonably. In evaluating any supplier you propose, we will, subject to reasonable restrictions and conditions to protect our trade secrets and confidential information, disclose to the proposed supplier applicable standards, specifications, processes, and procedures for the item in sufficient detail to enable the proposed supplier to demonstrate fully its capacity and capabilities to supply the items. Within 90 days after we receive all requested information, we will communicate to you in writing our decision to approve or disapprove your proposed supplier. We may disapprove any supplier who we previously approved, and you may not, after receipt of notice of disapproval, reorder from any supplier we have disapproved.

We may prescribe procedures for the submission of requests for approval and impose obligations on approved suppliers, which will be incorporated in a written license agreement with the supplier. We may obtain from you and/or the approved supplier reimbursement of our reasonable costs and expenses incurred in the approval process and on-going monitoring of the supplier's compliance with our requirements. We estimate the typical range of supplier/product review costs may be from $500 to $2,000.

We do not act as an agent, representative or in any other intermediary or fiduciary capacity for you in our relationship with an alternative supplier you propose and we approve. We may impose limits on the number of approved suppliers. We have the right to monitor the quality of goods or services provided by approved suppliers in a manner we deem appropriate and may terminate any supplier who does not meet our quality standards and specifications, as may be in effect periodically.

We attempt to negotiate purchase agreements with approved suppliers for the benefit of our company locations and franchisees. We attempt to negotiate purchase arrangements with third-party suppliers (including price terms) for the benefit of all RIVER POOLS businesses, including those owned by franchisees. We do not provide material benefits (for example, renewal or additional franchises) to a franchisee based on the use of designated or approved suppliers.

If you purchase any required products or services from us or any affiliate, the maximum markup you will pay us is 100% over our cost for the product or service plus any related shipping costs. If you purchase any optional products or services from us or any affiliate, the markup you will pay us may be over 100% of our cost for the product or service plus any related shipping costs.

The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in establishing the Franchised Business is 38% to 55%. The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in operating the Franchised Business on a continuing basis is less than 70%.

There are no purchasing or distribution cooperatives at this time.

Insurance.

You must maintain in force: (a) commercial general liability (including completed operations/product liability) insurance; (b) All Risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, for 100% of the replacement value of your RIVER POOLS franchise and its contents; and (c) any other insurance policies, like business interruption insurance, automobile insurance, sexual harassment insurance, unemployment insurance, excess umbrella insurance and worker's compensation insurance (with a broad form all-states endorsement), as we may determine periodically and as required by law. All insurance policies must: (1) be issued by carriers approved by us; (2) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe periodically; (3) name us and our affiliates as additional insureds; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include such other provisions as we may require periodically.

Identified below is an outline of the types of insurance and minimum policy limit amounts that currently we require for each franchised RIVER POOLS business. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state. We may require you to use our designated insurer as a condition of the Franchise Agreement.

Policy Type:	Commercial General Liability Package	
Term:	12 Months	
Policy Limits:	Each Occurrence Limit	$1,000,000
	Damages to Premises Rented to You Limit	$300,000
	Medical Expense Limit	$10,000
	Personal & Advertising Injury Limit:	$1,000,000
	General Aggregate Limit	$2,000,000
	Products-Completed Operations Aggregate Limit:	$2,000,000
Policy Type:	Business Automobile Liability Package	
Term:	12 Months	
Policy Limits:	Covered Autos Liability Limit:	$1,000,000

Workers' Compensation: Statutory (with All States Broad Form)

Please note that in the event you rent space for the franchise location, the landlord may have its own insurance coverage requirements that apply additionally to our requirements for insurance coverage.

Item 9: Franchisee's Obligations

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	8	7, 11
b. Pre-opening purchases / leases	8, 9	6, 7
c. Site development and other pre-opening requirements	6, 8, 9, 10, 11	7, 11
d. Initial and ongoing training	10	11
e. Opening	6.1	11
f. Fees	2, 3, 10, 12.7, 13.1.8, 17.1, 17.5, 20.4.5, 20.6, 21.2, 25.9, 25.12.4	5, 6
g. Compliance with standards and policies / Operations Manual	4, 12	11
h. Trademarks and proprietary information	14, 15, 23.2, 23.3	13, 14
i. Restrictions on products/services offered	12	16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	4	12
l. Ongoing product/service purchases	12, 13	8
m. Maintenance, appearance and remodeling requirements	9, 21.1	7, 11
n. Insurance	11.5, 12.2.11, 12.6	7
o. Advertising	13.1.4, 17	6, 7, 11
p. Indemnification	24.4	N/A
q. Owner's participation/ management/ staffing	4, 5, 12.2.7.5	11, 15
r. Records/reports	18	6
s. Inspections/audits	19	6, 11
t. Transfer	20	17

Obligation	Section in Franchise Agreement	Disclosure Document Item
u. Renewal	21	17
v. Post-termination obligations	23	17
w. Non-competition covenants	16, 23.4	17
x. Dispute resolution	25	17

ITEM 10:

Financing

Neither we nor our Affiliates guarantee your loans or other obligations, nor receive payments or other consideration for the placement of financing. We may provide financing for qualifying prospective franchisees under our guidelines. We may add, change or delete any financing programs at any time. It is not our current practice or intent to sell, assign, or discount to a third party all or part of any financing arrangement. Except as described below in this Item, as of the Issuance Date of this disclosure document, neither we nor our Affiliates offer directly or indirectly any financing arrangements to RIVER POOLS franchisees.

We may offer you financing of your initial franchise fee or your inventory by signing a promissory note with us. A copy of our standard Promissory Note is included in Exhibit "E" to the Franchise Disclosure Document. If your franchised business is a partnership, corporation or other recognized legal entity, the Note must be guaranteed individually by all partners or shareholders of the franchisee entity. The table below shows the standard terms of our promissory note.

ITEM FINANCED (SOURCE)	AMOUNT FINANCED	DOWN PAYMENT	TERM (MONTHS)	APR %	MONTHLY PAYMENT	PREPAY PENALTY	SECURITY REQUIRED	LIABILITY UPON DEFAULT	LOSS OF LEGAL RIGHT ON DEFAULT
Initial Franchise Fee. See Note (1) below	Up to $27,000 of the Initial Franchise Fee	$9,000	12 Months. See Note (1) below	10%. See Note (1) below	Varies Depend-ing on the Amount Financed	None	Partner or Shareholder Guarantee and security interest in the Franchise Agreement. See Note (2) below	Late Penalty; Acceleration of Amounts Due; Fees See Note (3) below	Waiver of Trial by Jury and Right to Interpose Any Defense, Set-Off or Counterclaim of Any Nature or Description. See Note (4) below
Inventory. See Note (1) below	Up to 50% of Purchase Price	50% of Purchase Price	12 Months See Note (1) below	10% See Note (1) below	Varies Depend-ing on the Amount Financed	None	Partner or Shareholder Guarantee and security interest in the inventory financed. See Note (2) below	Late Penalty; Acceleration of Amounts Due; Fees See Note (3) below	Waiver of Trial by Jury and Right to Interpose Any Defense, Set-Off or Counterclaim of Any Nature or Description. See Note (4) below

NOTES:

(1) In order to assist credit-worthy franchisees to purchase and operate the business, we may finance up to $27,000 of the initial franchise fee or up to 50% of your inventory purchases from us. The financed amount is evidenced by a Promissory Note (the "Note") and is payable over a term of 12 months in equal monthly installments with an interest rate of 10% per annum on the unpaid principal. Except as described below, there are no other annual finance charges. We have the right to change the terms, interest rate, and amounts financed. (A copy of our standard Promissory Note and Security Agreement is disclosed in Exhibit "E" to the Franchise Disclosure Document).

(2) If your business is a partnership, corporation or other recognized legal entity, the Note must be guaranteed individually by all partners or shareholders. The Note is secured by a security interest in your Franchise Agreement or the inventory financed.

(3) If you do not pay on time, we can charge a late penalty of 18% per annum from the due date. In the case of nonpayment or other default under the Note, we can require immediate payment of all unpaid amounts under the Note, and/or terminate the franchise, and we can also collect our reasonable attorneys' fees and all costs and expenses of collection.

(4) Each party that signs the Note, in any litigation arising out of or relating to the Note in which a holder of the Note is an adverse party, waives trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Franchise Agreement

Our obligations prior to beginning operation of your RIVER POOLS Franchised Business (see Franchise Agreement Articles 8, 10, 11) may include:

Operating Manual (Franchise Agreement Article 12.1). We offer our Operating Manual as guidance in the operation of your Franchised Business. You must follow the terms of the manual's current edition. We may update or revise the manual periodically. We will provide you with these updates. You will be permitted to view our manual at our office prior to the purchase of the franchise. Our Operating Manual has a total of 180 pages. The table of contents of the manual is attached as Exhibit "H".

Site Selection (Franchise Agreement Article 8). You select the business address for your franchise location, subject to our acceptance. If we do not accept a site you propose, you may select another site, subject to our acceptance. We will provide you with our standard site selection criteria and/or on-site evaluations of sites, as we deem appropriate.

We will review any proposed site information and determine whether to accept or reject the site after considering factors we deem appropriate, including the general location and

neighborhood, zoning and other physical characteristics of the site. We will provide you with our notice of acceptance or rejection of a site within 20 days after you provide all information we request concerning the proposed site. If you and we can't reasonably agree on a suitable location for your franchise within 120 days of your signing the Franchise Agreement, we may terminate the Franchise Agreement and return the Initial Franchise Fee.

Construction and Build-Out. We do not have any requirements and do not provide any assistance with specifications relating to construction or build-out of your franchised business or the furnishing, decorating or remodeling of the premises. We do not generally own the premises and lease it to franchisees. We do not provide any assistance with ensuring that construction complies with local ordinances and building codes. We do not provide any assistance with obtaining the required permits. You are responsible for hiring contractors and to ensure that your plans meet the applicable ordinances, building codes, permit requirements, and any other applicable local, state or federal laws.

Signage. We do not provide any assistance in purchasing signage for your franchised business. You may purchase signage from any source or sources you choose, including from our preferred vendors, as long as you comply with our specifications.

Equipment and Initial inventory. We do not provide any assistance in purchasing initial inventory and equipment needed to start your franchised business. All swimming pool shells must be purchased from Thursday Pools, LLC. Pool supplies should be purchased from Pentair through SCP Distributors, LLC if available. We do not provide any other requirements or recommendations for equipment needed for your franchised business.

Opening. We estimate the time from the date you sign the Franchise Agreement to the date you open your Franchised Business to be between 90 and 180 days. This time estimate may vary depending on various factors, including obtaining financing and scheduling initial training with us. We will provide initial training periodically, depending on the need to train franchisees. You must begin operating your Franchised Business within 120 days of your signing the Franchise Agreement, or we may terminate the Franchise Agreement and retain the Initial Franchise Fee.

Training (Franchise Agreement Article 10)

Pre-Opening Training. Your Managing Owner and one additional owner or employee will participate in virtual training and in-person training. Virtual training will consist of classroom instruction addressing culture, sales, project management, installation training, contract instruction, and basic business best practices among other topics. Following virtual instruction, your Managing Owner and one additional owner or employee will participate in a 3-day in-person instruction held at our training location, currently in Indiana. The main focus will be hands-on training focusing on the entire sales process. You will also be required to visit a neighboring franchise to watch two full pool installation projects.

Your Managing Owner must attend and successfully complete, to our satisfaction, pre-opening training within 120 days of signing your Franchise Agreement and prior to the opening of your Franchised Business. Failure of your Managing Owner to successfully complete the initial training may result in termination of the Franchise Agreement.

The instructional material for initial training may consist of our Operating Manual, online information, video, checklists, demonstrations, practice and quizzes. The initial training program will be provided substantially as follows:

INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Virtual Training on Best Business Practices and Project Management	40		Virtual
Sales Process	36	0	Indiana
Installations Training	0	25	Approved franchise location

It is the nature of the RIVER POOLS business that all subjects are integrated into the training program, and that there are no clear delineations between the subjects being learned. Jason Hughes, our President, will be the lead coordinator for your training program. Mr. Hughes has extensive experience since 2002 in training individuals in all aspects of the required operations of the Franchised Business. Mr. Hughes has been training our franchisees since our Predecessor Franchisor started franchising in 2019.

We generally hold initial training four times a year, which has typically been in the months of January, April, August and December of each year.

Ongoing Training. Additional training may be provided on an ongoing basis, which we may, in our sole business judgment, require you to attend at our specified training location. You will be responsible to pay all of the travel, living, wage, and other related expenses incurred in connection with the attendance of any individual at any additional training we provide to you. We may charge you our reasonable fees to provide any additional training to you.

On-site Training. At your request, or if we require, our representative may visit your location and provide additional on-site training. We will furnish additional guidance and assistance through this training. If you request or if we require, we will provide additional training for your employees. You will be responsible to pay all of the expenses that we incur in connection with any on-site training in your Territory, including per day charges and travel and lodging expenses for our representative.

Continuing Obligations

Operating Assistance (Franchise Agreement Article 13). We will respond to your questions regarding operational issues and provide support on an as-needed basis.

Advertising and Marketing (Franchise Agreement Article 17). We may administer an Advertising Fund, using it to prepare and produce advertising, public relations, market research and promotional programs in media we select, potentially including print, radio, television, or Internet, including the RIVER POOLS website. This may be done in house or through outside vendors. The advertising and marketing efforts may be national, regional or local. There is no guarantee that these efforts will be effective in your geographic area or that any given advertising campaign will be run in your area. We are not required, under the Franchise Agreement or elsewhere, to spend any amount of the Fund contributions or any other amounts in your Territory and not all franchisees will benefit directly or on a pro rata basis from our expenditures.

The Advertising Fund is funded by advertising and marketing fees paid by Franchisees. You must contribute to the Advertising Fund 2% of the then-current Manufacturer's List Price per swimming pool shell that you purchase from us, or from any Affiliate, or from any duly authorized third party. We (or our Affiliates) may, in our sole business judgment, contribute to the Advertising Fund. There is no obligation for us to contribute to this fund. The fees contributed by franchisees are not in a "trust," and are not held by us in any fiduciary or similar special relationship. No relationship is created beyond an ordinary commercial relationship for our mutual economic benefit.

In any fiscal year, we may spend an amount greater or less than the contributions to the Advertising Fund for that year. We may carry over deficits or surpluses from year to year. We will separately account for the Advertising Fund. There is no requirement that the Advertising Fund will be audited. Upon your written request, we will provide an annual unaudited statement of the Advertising Fund. We are under no obligation to refund any unspent contributions when the Franchise Agreement is terminated or expires. During our last fiscal year ending December 31, 2021, we did not collect any Advertising Fund amounts from franchisees.

We will provide you with start-up marketing materials and templates. Additional marketing materials, business cards, shirts, printed material and other related items utilizing the RIVER POOLS Marks must be purchased from our designated vendor. There is no guarantee of success from these materials. If you require additional or specialized advertising or promotional materials we will develop the materials for you upon your written request and you must pay us any required fees. You may not use or distribute any marketing materials that we have not authorized. If you wish to use your own advertising or marketing materials, you must provide them to us for our approval before you use them. We own the copyrights to anything you submit, whether it is approved by us or not. If you do not receive approval within fifteen (15) days after our receipt of such proposed materials, we will be deemed to have not given the required approval.

Presently we do not have any advertising cooperatives to which you are required to belong. We have the ability to require cooperatives to be formed, changed, dissolved or merged. We may establish or approve local and/or regional advertising cooperatives in your local or regional areas, covering the geographical areas we may designate in our sole business judgment. You must participate in any designated cooperative and its programs and abide by its by-laws. Each cooperative will utilize a voting system of one vote per one eligible business. Each cooperative will be managed by its members. No changes in the by-laws or other governing documents of a

cooperative will be made without our prior written consent. You and each other member of the cooperative will contribute to the cooperative, using a collection structure selected and established by us, the amount determined in accordance with the cooperative's by-laws. If we establish any cooperatives, each cooperative will prepare annual or periodic financial statements which will be available for review by prospective franchisees.

Additionally, we presently do not have any advertising council composed of franchisees and we have no obligation to create an advertising council.

You must spend at least $7,500 on local advertising for the Franchised Business before you begin operating the franchise or within 60 days of your completion of initial training.

Pricing. We do not control your pricing for products and services sold by your franchise, and we do not mandate any certain pricing. However, we will provide you with assistance in establishing prices if you request. We can provide tools in the form of spreadsheets to help you make decisions as to the appropriate pricing for your market.

Computer Requirements (Franchise Agreement Articles 9.4, 18.1). You must use our designated Online Work Order System in operating the Franchised Business. Any software or hardware that you are required to use is not our proprietary property.

You will need an approved laptop or personal computer in the day-to-day operation of your RIVER POOLS franchise. The laptop computer or personal computer must comply with all our specifications and have Internet access. You will use the personal computer to access the Online Work Order System, to communicate with us through the Internet, as well as to create correspondence and records related to the Franchised Business. The estimated cost of an approved laptop or personal computer is $1,000 to $2,000. We estimate that you may need to upgrade your computer approximately every five years, or as needed in to utilize the current software required by us. We estimate the cost to update your equipment to be approximately $1,000 to $2,000.

We recommend you use Pool Studio software in the operation of the Franchised Business. Pool Studio software is used for the three dimensional design of swimming pool installations and is available from Structure Studios, 3300 St. Rose Parkway, Suite 310, Henderson, Nevada 89053, Phone: 888-546-5318, website: www.structurestudios.com. The estimated cost of the software is $100 to $130 per month per authorized user, which is not included as part of your Technology Fee.

We recommend you use Buildertrend construction management software in the operation of the Franchised Business. Buildertrend software is used for marketing, lead management, estimating and proposals, project management, scheduling, contract management, project finances, and business management and is available from Buildertrend, Phone: 888-415-7128, website: https://buildertrend.com/. The estimated cost of the software is $300-$500 per month, which is not included as part of your Technology Fee.

You must use PandaDoc to create, track and execute proposals, estimates and contracts to clients. PandaDoc is document automation software with an electronic signature function, work flow management options and configuration, price and quote functionality. It is available from PandaDoc, 153 Kearny Street, San Francisco, CA 94108, Phone: 415-670-9712,

website:www.pandadoc.com. The estimated cost of PandaDoc is $50 per month, per user. The Technology Fee includes access to the PandaDoc Workspace for one user.

You must use HubSpot to track inbound marketing and sales. This software provides tools for social media marketing, content management and web analytics as well as providing tools for attracting visitors, converting leads and closing customers. It is available from HubSpot, 25 First Street, 2nd Floor, Cambridge, MA 02141, Phone: 1-888-482-7768, website: www.hubspot.com. The estimated cost of Hubspot is $100.00 per month, per user. The Technology Fee includes two Sales Pro users.

You must use QuickBooks Essential bookkeeping software to manage and organize your franchised business. The estimated cost of QuickBooks essential is $35.00 per month. The Technology Fee includes one subscription. You will afford us unimpeded access to your QuickBooks account by adding us as a user to your subscription.

You must use GSuite (Google Workspace) productivity applications. The estimated cost of GSuite is $96.00 per month. The Technology Fee includes access to eight users.

It will be your responsibility to find an Internet Service Provider. Also, you will need an approved smartphone, computer printer and copier. We approve suppliers for hardware and software (see Item 8 above). You are responsible, at your own expense, for upgrading all computer hardware and software, as necessary, in order to bring the franchise into compliance with our system standards.

The data generated and/or stored on your computer system may include contract proposals, customer contact information, executed contracts, invoices, pool plans, information and application for building permits, permits, customer communication and data and analytics regarding customers. We have the right, as often as we deem appropriate, including on a daily basis, to independently access certain computer systems maintained in connection with the operation of the franchise and to retrieve all information relating to the operation of the franchise. The systems that we have independent access to include your QuickBooks account, PandaDoc account, G-suite account and HubSpot account. (Franchise Agreement Article 18.2.)

Item 12: Territory

Territory. You will be granted a specific territory (the "Territory") in which to operate your Franchised Business and to provide our products and services to customer accounts located in the Territory. Your Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal, street, landmark or postal area definitions. During the term of the Franchise Agreement and for so long as you are not in default under the Franchise Agreement, we will not establish or operate, or license any other person to establish or operate, another RIVER POOLS business or dealership providing our authorized products and services to customer accounts located within the geographical area identified in the Franchise Agreement. We will take any reasonable steps as we consider necessary to prevent any other person from establishing or operating a RIVER POOLS business or dealership within the Territory upon our becoming aware of such establishment or operation.

The Territory for your RIVER POOLS business will be determined after negotiation between you and us, carefully considering where you want to be located and whether the proposed area is available. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Territorial Protection Dependent on Required Customer Satisfaction and Customer Retention. For any customer service program or customer retention program we require for the Franchise Business, you must achieve customer satisfaction index results or customer retention rate results in accordance with our then-current benchmark requirements in the System. Your failure to achieve either the required customer satisfaction index score results, or the required customer retention rate results, is grounds either for us either to require your mandatory attendance at any remedial training program that we specify, or for us to allow other franchisees to operate in the Territory, or for us to terminate the Franchise Agreement, all in our business judgment.

Other than your failure to achieve the required customer satisfaction index or customer retention rate results, we will not modify the definition of your Territory rights except by mutual written agreement.

Conducting Business Outside of the Territory. You may not offer or sell any services or products to a customer account located outside of your Territory without our prior written approval. You may conduct local marketing efforts directed within your Territory in accordance with our specifications, including through other channels of distribution such as the Internet, direct marketing and social media; however, you may not actively solicit orders outside the Territory and sell any products or services outside your Territory with our prior written approval. You must notify us of all inquiries for services or products received from any prospective customer account situated outside your Territory. We will forward these types of inquiries to the franchisee, if any, in whose territory the prospective customer account is situated. If there is no existing franchisee within the territory the prospective customer account is situated, we may allow you to provide services or products to such customer account for so long as the customer account is not located in the territory of another franchisee.

Compensation for Soliciting Orders. We may assist you with soliciting orders of products or services within your Territory. We do not require that you pay us any compensation for our assistance in soliciting any orders inside your Territory.

The Business Location. The Franchise Agreement grants to you the right to own and operate a RIVER POOLS business at a specific principal business address. You may not conduct the business of your RIVER POOLS business at any site other than the approved principal business address, or relocate your RIVER POOLS principal business address without our prior written consent. In our sole business judgment we may approve of the relocation of your franchise business address in certain circumstances, for example where a similar location is available with more favorable lease terms or where the physical condition of the franchise business location requires that you move to another location. You must pay all our reasonable expenses incurred in evaluating any proposed relocation site for the Franchised Business and are responsible for all expenses you incur in moving to the new location.

By virtue of signing the Franchise Agreement, you do not obtain any additional options, rights of first refusal, or similar rights to acquire additional franchises. We do not currently operate, or franchise the operation of any other business selling under different trademarks any services similar to the services offered by RIVER POOLS businesses, and presently we do not have any plans to do so.

Our Rights. Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights with respect to the Marks, the System and RIVER POOLS businesses anywhere in the world, including the following rights, without compensation to you and without granting you any rights:

1. outside the Territory we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, any business of any kind;

2. we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than RIVER POOLS businesses;

3. we have the right to host one or more websites on the Internet that advertise RIVER POOLS businesses and the products and services they offer and that allow potential clients to contact RIVER POOLS businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;

4. we have the right to advertise and promote the RIVER POOLS products and services through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;

5. we have the right to offer and sell any products and services within the Territory and elsewhere under any trade names, trademarks, service marks or trade dress, including the Marks, through any alternative channels of distribution; and

6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

National Accounts. Periodically we may enter into agreements with certain regional or national businesses (each a "National Account") to provide products or services to clients at designated National Account locations. We will identify and designate any National Account in our Operating Manual, and periodically we may add or remove National Accounts. We have sole business judgment on who may provide products or services to any National Account, including at a single location of any such National Account. We may, in our sole business judgment, offer you the opportunity to accept and provide products or services under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the client will pay a fixed amount for products

or services at all locations listed in such agreement, we will allocate the fixed amount among the RIVER POOLS businesses providing the products or services.

Item 13: Trademarks

You will operate under the RIVER POOLS mark as the principal mark of your Franchised Business. The RIVER POOLS trademark listed below is registered with the United States Patent and Trademark Office. The RIVER POOLS mark is owned by our affiliate Thursday Pools, LLC and we have a license to use and sublicense the mark in the operation of the franchise system. Thursday Pools, LLC has a federal registration for the following trademarks ("Marks"):

TRADEMARK	REGISTRATION NUMBER	DATE OF REGISTRATION	REGISTER
RIVER POOLS	5799935	July 9, 2019; Assigned to Thursday Pools, LLC Oct. 7, 2020	Principal
RIVER POOLS CATCH THE WAVE	5615975	November 27, 2018; Assigned to Thursday Pools, LLC Oct. 7, 2020	Principal
RIVERPOOL	4442486	September 17, 2013; Assigned to Thursday Pools, LLC Oct. 7, 2020	Principal
Riverpool	3146230	September 19, 2006; Assigned to Thursday Pools, LLC Oct. 7, 2020	Principal
THE RIVER POOLS WAY	6683437	March 29, 2022	Principal

You must follow our operating procedures when you use the trademarks. You cannot use the trademarks as part of your corporate name. You may not use the trademarks in the event you wish to advertise the sale of your Franchise.

We have a license to use the trademarks in the operation of the franchise system pursuant to a Trademark License Agreement with Thursday Pools, LLC. This agreement allows us to sublicense the trademarks to you as set forth in the Franchise Agreement. The agreement is a perpetual agreement with no end term; however, Thursday Pools, LLC has the right to terminate the agreement upon five (5) days' written notice to us. We have no other right to sublicense or assign the trademarks other than to our franchisees pursuant to the Franchise Agreement without the consent of Thursday Pools, LLC.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringements, oppositions or cancellations concerning the trademarks. There is no pending material litigation involving the trademarks. We have filed all required affidavits.

We are not obligated, by the terms of the Franchise Agreement or otherwise, to protect your right to use the principal trademark. Thursday Pools, LLC sole business judgment to take any action it deems appropriate and the right to control exclusively any litigation, Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim relating to any of the trademarks. We have no actual knowledge of superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your RIVER POOLS Franchise may be located.

We reserve the right to substitute different marks for use in identifying the franchise system. You must immediately discontinue using all marks which we have notified you have been modified or discontinued. You are responsible for all expenses with modifying or replacing the marks. We will not be obligated to reimburse you for any lost revenue attributable to any modified or discontinued marks or for any expenditure you make to promote a modified or substitute mark.

Item 14: Patents, Copyrights, and Proprietary Information

At this time, we do not hold any patents. We do claim copyright protection for our Operating Manual, advertising materials and certain other proprietary documents. We have not filed a registration of these copyrights due to public disclosures which would be necessary to do so.

The Operating Manual, operating methods, business procedures and all client information, including names, addresses and all financial information are considered confidential and proprietary information. You may not use this information in any other business or in any other way not authorized by us in writing.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

As identified in the Franchise Agreement, you must designate one "Managing Owner" for the Franchised Business. You will provide us with the name and necessary contact information, such as address and telephone numbers, of this person. In the event we need to contact you, we will contact the Managing Owner. This person will have all authority necessary to carry out day to day business decisions, answer any questions or requests we have, and bind you. The Managing Owner is responsible for the day to day management and operation of the Franchised Business and must successfully complete the pre-opening training program.

You and your employees are subject to certain confidentiality requirements. You and your owners are also subject to a covenant not to compete. You must individually guarantee performance under the Franchise Agreement. Depending on your form of ownership of the

Franchise (for example as a corporation) multiple individuals may need to sign guarantees of performance as owners of the Franchised Business.

Item 16: Restrictions on What the Franchisee May Sell

Franchise Agreement.

Products and Services. You may only offer and sell those products and services that we have approved. You must offer all products and services that we designate as required for all franchisees. We may change, add or discontinue products and services that you must offer through your franchise. There are no limits on our right to do so.

If you propose to us to offer any products and services then not currently authorized by us under the Franchise Agreement and our Methods of Operation, you must submit to us, in writing, sufficient information that we require to determine whether you may offer the proposed products or services. We will notify you of our decision within 90 days after our receipt of all information we require and completion of any evaluation and testing we require.

There is no limitation on the type of customers to whom you may sell authorized goods and services to, as long the proposed customer is located within your territory.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise and related Agreements. You should read these provisions in the agreements attached to this Franchise Disclosure.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the Franchise	1.2	Term is 10 years.
b. Renewal or extension of the term	21	Successive 10 year terms may be granted if you are not in default of any provisions of the Franchise Agreement.
c. Requirements for franchisee to renew or extend	21	Upon the expiration of the initial Franchise Agreement, you may renew the Franchise Agreement upon the following conditions: you must sign a new franchise agreement, which may have materially different terms than your initial Franchise Agreement; you pay a renewal franchise fee of $5,000; you must add or replace vehicles, equipment and signs and bring your franchised business in compliance with our then-current standards; you must provide notice of intent to renew at least 10 months prior to the date of expiration; and you must execute a general release subject to applicable state law.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	SUMMARY
d. Termination by franchisee	22.1	By operation of law only
e. Termination by franchisor without cause	N/A	We will not terminate without cause
f. Termination by franchisor with cause	22.2	Material, uncured breaches of the Franchise Agreement
g. "Cause" defined – curable defaults	22.2	You may cure certain deficiencies in the operation of the franchise (such as payment to us of overdue amounts; submission of required reports; violation of health; sanitation or safety laws; failure to file the required number of tax returns; failure to meet customer service standards, etc.) which if uncured would result in the termination of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	22.2	Certain deficiencies in the operation of the franchise (such as you or your owners conviction of a felony; your disclosure of Confidential Information; your making a material misrepresentation or omission in connection with your purchase of the franchise; etc.) are inherently incurable and will result in termination of the Franchise Agreement.
i. Franchisee's obligations on termination/nonrenewal	23	Pay us what you owe us; cease using the Marks; and follow our termination procedures; assign your customers; cancel fictitious business names; adhere to the covenant not to compete in the Franchise Agreement.
j. Assignment of contract by franchisor	20.1	Fully transferable by us.
k. "Transfer" by franchisee - definition	20.3	Includes any transfer of ownership.
l. Franchisor's approval of transfer by franchisee	20.2	Our approval of any transfer is required prior to your transferring the Franchise to a third party. However, will not unreasonably withhold our approval where the proposed transferee meets all our conditions for approval.
m. Conditions for franchisor approval of transfer	20.4	The proposed transferee must meet our standards as to character, financial resources, and willingness to assume the existing obligations under the Franchise Agreement, sign our then-current form of franchise agreement, and complete training.
n. Franchisor's right of first refusal to acquire franchisee's business	20.9	We can match any offer for your Franchise.
o. Franchisor's option to purchase franchisee's business	23.6	60 day option upon termination or expiration
p. Death or disability of franchisee	20.6	You must appoint a manager upon the death or permanent disability of the Managing Owner.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	16.1	No direct or indirect interest in a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	23.4	After termination or expiration of the Franchise Agreement, you and your owners may not operate a similar type of business for a period of 24 months in the Territory, or within 100 miles of the principal business address of any other existing RIVER POOLS business.
s. Modification of the agreement	25.16	Must be in writing
t. Integration / merger clause	25.18	Oral statements not binding. Franchise Agreement is the entire agreement (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim our representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	25.12	All disputes resolved by mediation or arbitration except for actions for declaratory or equitable relief, actions in ejectment or for possession of any interest in real or personal property, or actions which by applicable law can't be arbitrated
v. Choice of forum	25.14	Applicable forum is the State of Indiana, subject to applicable state law.
w. Choice of law	25.13	Subject to applicable state law, Indiana, except for arbitration which is covered by the Federal Arbitration Act.

Item 18: Public Figures

There are no public figures involved in the sale of this franchise.

Item 19: Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you 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 River Pools

Franchising, LLC., 840 Commerce Pkwy, Fortville, IN 46040, 1-888-358-7665, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Representations

Table No. 1
Systemwide Outlet Summary
For Years 2019 to 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	0	5	+5
	2020	5	11	+6
	2021	11	17	+6
Company-Owned	2019	1	1	0
	2020	1	0	-1[1]
	2021	0	0	0
Total Outlets	2019	1	6	+5
	2020	6	11	+5
	2021	11	17	+6

[1]During 2020, our company owned outlet converted to a franchise.

Table No. 2
Transfers From Franchisees to New Owners (Other than the Franchisor)
For Year 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2019	0
	2020	0
	2021	0

Table No. 3
Status of Franchised Outlets For Years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Arizona	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	1	0
Colorado	2019	0	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Georgia	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	1	0	0	0	0
Idaho	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Indiana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Iowa	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Kansas	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Louisiana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Missouri	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
North Carolina	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Tennessee	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Utah	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Virginia	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Total	2019	0	5	0	0	0	0	5
	2020	5	7	0	0	0	0	11
	2021	11	8	1	0	0	1	17

Table No. 4
Status of Company-Owned Outlets For Years 2019 to 2021

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
Virginia	2019	1	0	0	0	0	1
	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0
Total	2019	1	0	0	0	0	1
	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the 2022 Fiscal Year	Column 4 Projected New Company-Owned Outlets in 2022 Fiscal Year
Georgia	0	1	0
Kentucky	0	1	0
South Carolina	1	0	0
Maryland	0	1	0
Massachusetts	0	1	0
Minnesota	0	1	0
New York	0	2	0
Pennsylvania	0	1	0
Texas	1	1	0
Virginia	0	1	0
Total	2	10	0

Our Fiscal Year Ends on December 31.

Our current franchise locations, as of December 31, 2021 are identified in Exhibit "G" to the Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We dot not have any trademark-specific franchisee organizations associated with the franchise system. Our former franchisees' contact information is included in Exhibit "G". We have communicated with all other franchisees within 10 weeks of April 30, 2022.

During the previous three fiscal years, no franchisee signed any confidentiality clauses which restricted the franchisee from freely communicating with prospective franchisees concerning the franchisees' experience with the franchise system.

Item 21: Financial Statements

Attached to this disclosure document in Exhibit "B" are our unaudited financial statements as of September 30, 2022 and our initial and updated audited financial statements as of December 32, 2021. We are also providing our audited financial statement for the 6 months ending December 30, 2020. We acquired the Predecessor Franchisor in September 2020; therefore, we have not been in business for three years or more, and we cannot include all audited financial statements for a three-year period. Our fiscal year end is December 31.

Item 22: Contracts

Attached to this disclosure document as Exhibit "A" is our Franchise Agreement with Appendices (A) Franchise Ownership and Management, (B) Location and Territory, (C) Guaranty

and Assumption of Obligations (D) Electronic Funds Transfer Authorization, and Acknowledgment Addendum to RIVER POOLS Franchise Agreement.

Attached to this Franchise Disclosure Document as Exhibit "D" is a sample copy of the current general release form that we use as a condition of renewal or assignment/transfer.

A sample copy of our standard financing documents is included in Exhibit "E" to this Franchise Disclosure Document.

Attached to this Franchise Disclosure Document in Exhibit "F" is state specific language that may apply to the terms of your Franchise Agreement.

Item 23: Receipts

The Receipts to be signed by all prospective franchisees are attached in duplicate at the very end of this Franchise Disclosure Document (identified as Exhibit "H"). You will sign and date one copy and give it to us at the time we present it to you. Your copy of the receipt is attached at the end of this Franchise Disclosure Document.

The Receipts identify all our current Franchise Sellers.

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 DISCLOSURE DOCUMENT ENDS HERE]

RIVER POOLS®

EXHIBIT "A"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

RIVER POOLS®
FRANCHISE AGREEMENT

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RIVER POOLS®
FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made and entered into this _____day of_____, 20_____, by and between River Pools Franchising, LLC, an Indiana limited liability company, with its principal business address at 840 Commerce Pkwy, Fortville, IN 46040 referred to in this Agreement as "Franchisor," "we," "us" or "our"), and_____, a [STATE/TYPE OF ENTITY] with its principal business address at _____ (referred to in this Agreement as "Franchisee," "you," "your" or "owner").

DEFINITIONS. Words and phrases used frequently in this Agreement will have the meaning indicated:

"**Accounting Period**" means one calendar month.

"**Ad Fee**" means the amount of money that you are required to contribute to the Advertising Fund.

"**Advertising Fund**" means the pool of money controlled by River Pools Franchising, LLC for the purpose of advertising, marketing and other promotional activities to promote RIVER POOLS businesses.

"Affiliated Companies" or "Affiliate(s)" means any person or company that, directly or indirectly, controls, is controlled by, or is under common control with, the referenced party.

"Agreement" or "Franchise Agreement" means this document, all its attachments, exhibits, stipulations and schedules and written modifications whenever made.

"Approved Supplier" means any supplier, including us, an Affiliate of ours, or an independent third party, authorized by us in writing to manufacture and/or provide any products, services, items, supplies, raw materials, fixtures, furnishings, equipment (including computer systems and software), business services, and other designated items used in the operation of a RIVER POOLS business.

"Competitive Business" means any business that offers the sale of swimming pools or that offers installation or maintenance services relating to swimming pools or spas, or that offers any other products or services that are the same or similar to those offered by RIVER POOLS businesses, or any business that offers franchises or licenses to others to operate any business that offers the sale of swimming pools or that offers installation or maintenance services relating to swimming pools or spas, or that offers any other products or services that are the same or similar to those offered by RIVER POOLS businesses.

"**Corporation or Partnership**" includes, if applicable, reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

"Designated Bank Account" means the primary bank account used by Franchised Business for general operation of the Franchised Business, including payroll, deposits of sales, revenues, payment of vendors and suppliers and other operational matters, and which is to be used for any EFT withdrawals pursuant to this Agreement.

"Effective Date" means the date this Agreement becomes effective as designated on the Signature Page of this Agreement.

"EFT" means Electronic funds transfers that are transacted through an Automated Clearing House or other electronic transfer system approved by Franchisor.

"Franchisee" means the individual or entity inserted in the space at the beginning of the agreement and on Schedule B.

"Franchised Business" means your RIVER POOLS business operated under this Agreement.

"**Franchisor**" means River Pools Franchising, LLC.

"**Gross Revenue**" means the total revenue and other consideration from the Franchised Business, and whether from cash, check, credit, or barter transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation.

"Guarantor" means any person who signs the Guaranty and Assumption of Obligations found in Appendix C to the Agreement.

"Location" means your principal place of business at which we authorize you to operate the Franchised Business.

"**Manufacturer's List Price**" means the then-current listed price which we, or any Affiliate, identify as the standard price of any model of RIVER POOLS swimming pool shell which we may identify. The Manufacturer's List Price for any model of swimming pool shell shall be subject to periodic increases, which increases shall be made in such amounts and at such times as we determine, in our sole business judgment.

"Marks" means the current and future trade names, trademarks, service marks and trade dress used to identify RIVER POOLS businesses and the services and products offered by RIVER POOLS businesses, including the "RIVER POOLS" mark and the distinctive color scheme and signage of RIVER POOLS businesses.

"Marks Standards" means standards specified in the Manual for all Mark-bearing signs, advertising, and other items and the use of these items in the Franchised Business.

"Methods of Operation" means the Operating Manual we provide to you containing mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time to time for the operation of a RIVER POOLS business and any other information or communications we provide or send to you during the term of the Agreement relating to your operation of the Franchised Business or to any other of your obligations under this Agreement and related agreements.

"National Accounts" means regional or national businesses with which we've agreed to provide products or services to customers at certain designated locations.

"Online Work Order System" means the centralized work order system we may establish to process all orders for client products or services in accordance with the Operating System, including all orders for products or services for your Franchised Business, and otherwise to respond to client inquiries.

"Operating Manual" means our confidential RIVER POOLS Operating Manual which contains the required policies and procedures for the operation of the Franchised Business, and includes all

specifications we provide or sent to you and includes all supplemental bulletins, memoranda, revisions and replacements.

"Operating Standards" means the standards specified in the Manual for customer service, hours, required services and products, and employee training.

"Operating System" means the plan and system as updated and revised from time to time for providing our swimming pool sales and installation services using our products, equipment selection, vehicles, software, accounting methods, advertising, promotional techniques, personnel training, and quality standards that feature the Marks and includes all proprietary materials, our Operating Standards, Marks Standards, and our technology requirements.

"**Owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the Franchised Business or an interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a "controlling interest" in you mean thirty three and one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your voting shares or other voting rights will constitute a "controlling interest."

"**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

"Preferred Vendor" means any supplier of products or services to your Franchised Business that we designate under our Methods of Operation as a "Preferred Vendor".

"RIVER POOLS business" means a swimming pools sales and installation services business operating under the Marks and using the Operating System that we, or any of our Affiliates, own and operate or license any other person or entity to own or operate.

"**Section**" means any specified numbered section or sub-section contained in this Agreement.

"Technology Fee" means the required fee payable from you to us for ongoing access to our website and online systems.

"Term" means the ten (10) year period under which the Agreement is effective, unless otherwise terminated.

"Territory" means the area listed on Appendix B to the Franchise Agreement in which you are authorized to provide our approved services and products to customers located in the area.

"We", "us" or "our" means River Pools Franchising, LLC, our successors and assigns or our Affiliates.

"You", "your" or "yours" means the Franchisee.

l. GRANT OF FRANCHISE AND TERM OF THE AGREEMENT.

We provide swimming pool installation services to residential and commercial customers utilizing fiberglass swimming pools shells and related swimming pool products, including without limitation, spas,

tanning ledges, motors, pumps, and filters. We offer franchises for businesses providing swimming pool sales and installation services utilizing the required swimming pools shells and related swimming pools products that franchisees must purchase from our Affiliate or from designated vendors. Additionally our franchises provide swimming pool maintenance services, and other related services. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a RIVER POOLS business utilizing our designated products, Marks, business system, procedures, policies and standards. You have indicated to us by your actions and statements that you desire to own and operate a RIVER POOLS business.

1.1. **Acknowledgments**.

1.1.1. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of product quality and service and the uniformity of those standards at each RIVER POOLS business.

1.1.2. You acknowledge that you have conducted an independent investigation of operating a RIVER POOLS business and recognize that the nature of this business may evolve and change over time and that an investment in a RIVER POOLS business involves business risks and that your business abilities and efforts are vital to the success of the venture.

1.1.3. You acknowledge and agree that we and you are, and shall continue to be, independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. Any information you acquired from other RIVER POOLS franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

1.1.4. You acknowledge and agree that the nature of the operation of the Franchised Business requires that you or your Owners or employees must handle materials that may be identified as hazardous or that potentially could be hazardous to any such individual's health. You acknowledge and agree that it is solely your responsibility to fully adhere to, and to fully comply with, any manufacturer's directions or instructions for the handling, storage, or usage of our swimming pools shells, and any other products or related materials necessary to operate the Franchised Business. You acknowledge and agree that you are fully cognizant that there may be individual health related risks from operating the Franchised Business. You hereby acknowledge and agree that by purchasing the franchise you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and our respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees from all losses, damages, and expenses incurred in connection with your handling, storage, or usage of our swimming pools shells, or any other related products or materials necessary to operate the Franchised Business.

1.1.5. You, and each of the Guarantors identified in Appendix C, represent that you are not in breach, or are not aware of any breach, of the terms of another franchise agreement to which you or any of your Owners holds any interest. You, and each of your Guarantors acknowledge and agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them from all losses and expenses incurred

in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon the breach of the terms of another franchise agreement to which you or any of your Owners holds any interest.

1.2. **Grant of Franchise**. Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate the RIVER POOLS Franchised Business solely from the principal business location (the "Location") identified in Appendix B to this Agreement, and a license to use the Marks and the Operating System in the operation thereof, for a term commencing on the Effective Date of this Agreement and expiring on the tenth (10^{th}) anniversary of that date (the "Term"), unless sooner terminated in accordance with the terms of this Agreement. You may not operate the Franchised Business from any site other than the Location without our prior written consent. You acknowledge and agree that you have no recourse against us if other franchisees are granted allowances or rights that are not granted to you.

2. INITIAL FRANCHISE FEE.

2.1. **Initial Franchise Fee**. You agree to pay us a nonrecurring and nonrefundable initial franchise fee ("Initial Franchise Fee") in the amount of Fifty Thousand Dollars ($50,000), that shall be due and payable when you execute the Agreement. The franchise fee will be fully earned by us upon the execution of this Agreement.

3. ROYALTY, OTHER FEES, AND PAYMENTS.

3.1. **Royalty.** You agree to pay us a non-refundable royalty ("Royalty") in the amount of twelve percent (12%) of the then-current Manufacturer's List Price per swimming pool shell. The Royalty shall be paid to us each time during the Term of the Agreement that you order a swimming pool shell from us, or from any Affiliate, or from any duly authorized third party. The Royalty shall be calculated on a per swimming pool shell basis and shall be a separate amount from the mutually agreed amount of the purchase price of the swimming pool shell. The Royalty shall be due to us at the time any order from you is received by us, or by any Affiliate, or by any duly authorized third party for the purchase of a swimming pool shell.

3.1.1. Purchase of Swimming Pool Shells and Payment of Royalty Fee. You acknowledge and agree that our following Methods of Operation shall apply to the purchase of any swimming pool shell from us or any Affiliate, and to the payment of any related Royalty:

3.1.1.1. You shall submit to our designated Affiliate an order for the purchase of a swimming pool shell;

3.1.1.2. Our designated Affiliate shall send you a sales order for the purchase of the swimming pool shell and such sales order will identify the swimming pool shell as a separate line item, and the amount of the related Royalty as a separate line item;

3.1.1.3. You shall pay our designated Affiliate the total amount identified on the sales order immediately after receipt of our sales order.

3.1.1.4. Our Affiliate shall collect the Royalty on our behalf and shall pay us the Royalty after receipt of our invoice for the Royalty.

3.2. **Technology Fee.** You agree to pay us a non-refundable monthly technology fee ("Technology Fee") in an amount established by us from time to time (currently $500.00/month for one user; $750.00/month for additional users). The Technology Fee shall be due and payable by you each Accounting Period. By the fifth (5th) day of each calendar month, we shall calculate the Technology Fee due for the immediately preceding calendar month and may withdraw via EFT such amounts directly from the Designated Bank Account, unless we have agreed with you in writing to some other acceptable method of delivery of amounts due to us. You acknowledge and agree that we may raise the Technology Fee periodically during the Term of the Agreement upon thirty (30) days prior written notice from us to you.

3.3. **Authorized Payment to Preferred Vendors.** You acknowledge and agree that in order to insure quality and consistency at all RIVER POOLS businesses, we may require that you obtain products or services from certain designated suppliers. Pursuant to our Methods of Operation, we may identify certain suppliers as a Preferred Vendor, which may include us, or any Affiliate. You hereby acknowledge and agree that in the event we receive notice from any Preferred Vendor that you are over ninety (90) days past due on any payment to such Preferred Vendor, and you have not provided any notice to the Preferred Vendor disputing such overdue amount prior to our receipt of notice from the Preferred Vendor concerning any such past due amount, you hereby authorize us to make payment on your behalf of any such overdue amount to the Preferred Vendor from the Designated Bank Account.

3.4. **Designated Bank Account**. Prior to the opening of the Franchised Business, and as a condition thereof, you shall establish a designated bank account ("Designated Bank Account"). We shall deposit to the Designated Bank Account any amounts due to you from us under this Agreement. We shall be authorized by you to withdraw from the Designated Bank Account in any manner which we prescribe, which may include EFT or wire transfer, any amounts due to us, any Affiliate, or any Preferred Vendor, from you under the terms of this Agreement, including Royalty fees, and Ad Fees due. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You shall bear all expenses, if any, associated with such authorizations and payments. You agree to execute Appendix D to this Agreement ("Electronic Funds Transfer Authorization") and any and all documents as may be necessary to effectuate and maintain the electronic funds transfer, as we require. In the event you change banks or accounts for the Designated Bank Account required by us, you shall, prior to such change, provide us such information and documentation as we may require, in our sole business judgment. Your failure to provide such information concerning the Designated Bank Account, or your withdrawal of authorization as required hereunder for whatever reason shall be a material breach of this Agreement.

3.5. **Payments**. The Ad Fee payable from you to us each calendar month during the Term of the Agreement shall be calculated with reference to the Gross Revenue derived by the Franchised Business during the immediately preceding Accounting Period. By the fifth (5th) day of each calendar month, we shall calculate the Ad Fee due for the immediately preceding calendar month and may withdraw via EFT such amounts and any other amounts due under this Agreement, directly from the Designated Bank Account, unless we have agreed with you in writing to some other acceptable method of delivery of amounts due to us.

3.6. **Online Work Order System**. In our sole business judgment, during the Term of the Agreement we may establish and maintain a centralized online work order system (the "Online Work Order System") to process all orders for products or services within the Operating System, including all orders for services or products for your Franchised Business, and otherwise to respond to client inquiries. You acknowledge and agree that we may require you to retrieve all orders for services

and products for your Franchised Business from the Online Work Order System. We shall direct all aspects of planning and operation of the Online Work Order System that we believe to be in the best interest of the entire Operating System in our sole business judgment. You shall fully participate in all programs and protocols involving the Online Work Order System, as we may require from time to time. You acknowledge and agree to comply fully with our specifications and standards concerning the operation and use of the Online Work Order System, which shall require you to comply with each of the following requirements, which may be otherwise modified by us in our sole business judgment:

3.6.1. Online Access. We shall provide you with access to the Online Work Order System and a confidential password (the "Password") for a limited number of users, as specified by us from time to time. You shall keep and ensure that your users keep the Password confidential at all times during the Term of the Agreement, any exercised renewal period, and after the expiration or earlier termination of this Agreement. You shall not release the Password to any person, including employees of the Franchised Business, without our previous written consent, which consent may be withheld in our sole business judgment for any reason.

3.6.2. No Other Sales. You acknowledge and agree that, except as provided for in this Agreement and subject to our Methods of Operation, it is not permitted to solicit, receive or fill any order for products or services for the Franchised Business other than those orders which are placed or processed through the Online Work Order System. Should you receive orders through the use of your local telephone number or any other method, you shall process these orders through the Online Work Order System.

3.7. **Interest on Late Payments**. All amounts which you owe us and do not pay us when due will bear interest from their due date at the lesser of 10% interest or the highest contract rate of interest permitted by law. You acknowledge that this Section does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business. Your failure to pay all amounts then due constitutes grounds for termination of this Agreement, despite the provisions of this Section.

4. PERFORMANCE REQUIREMENTS.

4.1. **Performance Standards.** You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with this Agreement.

4.2. **Days of Operation**. You acknowledge and agree that, as required by our Methods of Operation, the Franchised Business must operate the entire calendar year, unless otherwise approved in writing by us, and must be managed at all times by your Managing Owner or an owner or employee approved in writing by us.

4.3. **Storage and Handling of Products and Equipment.** You acknowledge and agree that the quality and consistency of our products is essential and critical to the success of the Franchised Business and the ongoing goodwill of the Marks and System. Therefore, you acknowledge and agree that at all times during the Term of the Agreement you must store, handle, and maintain all specified products, materials, items, and equipment in compliance with our Standards as we specify to you under our Methods of Operation, in our sole business judgment. You acknowledge and agree that you must comply strictly with our standards and specifications in respect to any products, materials, items or equipment, and in respect to the storage, handling, maintenance, or usage of any products,

materials, items, or equipment, and in respect to any other similar standards or specifications which we may designate in our sole business judgment.

5. OWNERSHIP AND MANAGEMENT.

You acknowledge and agree that your Managing Owner must personally manage and operate the Franchised Business as a primary occupation and you may not, without our prior written consent, delegate your Managing Owner's authority and responsibility with respect to management and operation.

5.1. **Managing Owner**. You acknowledge and agree that your owners and you will grant to one individual (the "Managing Owner"), the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. The Managing Owner, at all times during the term of the Agreement, shall maintain management control of the Franchised Business, or shall have like authority, ownership, managerial control and voting power in any limited liability company, partnership, or other form of entity, unless otherwise agreed upon in writing by us. You will notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity and you will appoint a new Managing Owner within sixty (60) days after such death or incapacity. We reserve the right to review and disapprove of any newly appointed Managing Owner within ten (10) days of notice. We reserve the right to review and approve the authority of the Managing Owner with respect to your Articles of Organization, Operating Agreement, Partnership Agreement, Shareholders Agreement, or similar documents. Neither you nor your owners will, directly or indirectly, take any action to avoid or restrict the authority requirement for the Managing Owner.

5.2. **Corporate, Limited Liability Company or Partnership Franchisee**. If you are at any time a corporation, limited liability company, partnership, or other business entity, you agree and represent that:

5.2.1. Your charter (if you are a corporation) or partnership agreement (if you are a partnership) will at all times provide that your activities are confined exclusively to operating the Franchised Business, you will promptly furnish to us copies of your Articles of Incorporation, bylaws, operating agreement, partnership agreement, and other governing documents, and any amendments thereto, including the resolution of the board of directors authorizing entry into this Agreement, and you will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;

5.2.2. Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

5.2.3. Appendix A to this Agreement will completely and accurately describe all of your owners and their interests in you;

5.2.4. Each of your owners, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix C to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your owners agree to execute and deliver to us such revised copies of Appendix A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of change; and

6. **START OF BUSINESS**.

6.1. **Opening**. You agree to begin operating the Franchised Business within one hundred twenty (120) days after the Effective Date of this Agreement.

6.2. **Training.** You must successfully complete our training program for the Franchised Business to our satisfaction prior to beginning to operate the Franchised Business.

7. YOUR TERRITORY.

7.1. **Territory.** During the term of this Agreement and for so long as you are not in default under this Agreement, we shall not establish or operate, or license any other person to establish or operate, another RIVER POOLS business providing our authorized products and services to customer accounts located within the geographical area set forth in Appendix B to this Agreement (the "Territory"). We shall take such reasonable steps as we consider necessary to prevent any other person from establishing or operating a RIVER POOLS business within the Territory upon our becoming aware of such establishment or operation. You may have the right to enter into agreements for the provision of products or services at customer locations outside the Territory provided that the terms of any such agreements shall be subject to our prior written approval. Any such services to be performed at a customer location outside of the Territory shall be referred to the RIVER POOLS franchisee, if any, within whose territory such location falls. If such location does not fall within the territory of any such franchisee, we may, at our discretion, allow you to perform such products or services at such location.

7.1.1. **Conducting Business Outside of the Territory.** You shall not offer or sell any products or services to a customer account location situated outside of the Territory without our prior written approval. You shall promptly advise us of all inquiries for products or services received from any prospective customer account situated outside your Territory and shall promptly provide us with copies of all such inquiries made in writing. We shall forward such inquiries to the franchisee, if any, in whose territory such prospective customer account is situated. If there is not such an existing franchisee within whose territory the prospective customer account is situated, we may, in our sole business judgment, allow you to provide products or services to such customer account for so long as the customer account is not located in the territory of another franchisee.

7.2. **Our Reservation of Rights.** We retain all rights not expressly granted hereunder, including the following:

7.2.1. outside the Territory we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, any business of any kind;

7.2.2. we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than RIVER POOLS businesses;

7.2.3. we have the right to host one or more websites on the Internet that advertise RIVER POOLS businesses and the products and services they offer and that allow potential clients to contact RIVER POOLS businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;

7.2.4. we have the right to advertise and promote the RIVER POOLS products and services through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;

7.2.5. we have the right to offer and sell any products and services within the Territory under any trade names, trademarks, service marks or trade dress, including the Marks, through any alternative channels of distribution; and

7.2.6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

7.3. **National Accounts.** You acknowledge that from time to time we may enter into agreements with certain regional or national businesses ("National Accounts") to provide products or services at specified National Account locations. We shall identify and designate any such National Accounts in our Operating Manual, and you acknowledge and agree that from time to time during the Term of the Agreement we may add or remove National Accounts, in our sole business judgment. You acknowledge and agree that we have sole business judgment on who may provide products or services to any National Account location. You acknowledge and agree that we may, in our sole business judgment, offer you the opportunity to accept and provide products or services under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the customer will pay a fixed amount for products or services at all locations listed in such agreement, we shall allocate reasonably such fixed amount among the RIVER POOLS businesses providing such products or services.

8. LOCATION.

It is your responsibility to find a Location from which to operate the Franchised Business. You must submit to us, according to our procedures, a proposed Location for your Franchised Business for our approval.

8.1. **Business Location**. You must locate a site for the Franchised Business and have the Location approved by us. We have the right to approve the terms of any lease, sublease or purchase contract for the Location, and you agree to deliver a copy to us for our approval before you sign it. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties. You further acknowledge that we have advised you to seek legal counsel to review and evaluate the lease. You must deliver a copy of the fully signed lease, sublease or purchase contract to us within fifteen (15) days after its execution.

8.2. **Location Approval.** We will make reasonable efforts to make a determination on your proposed Location within twenty (20) days after receipt of the proposed Location and any other related supporting materials that we require. We will furnish you with our standard site selection criteria and assistance for the Franchised Business, as we may establish from time to time.

8.3. **Qualifying Factors.** Factors used by us in deciding whether to accept or reject a proposed site may include, but is not limited to, the general location and neighborhood, demographic information, traffic patterns, zoning, access, visibility, and size, condition, configuration, appearance and other physical characteristics of the site.

8.4. **Independent Investigation.** Your decision to develop and operate the Franchised Business at any particular site is based solely on your own independent investigation of the suitability of the site for the Franchised Business. You acknowledge and agree that your acceptance of the proposed site is based on your own independent investigation of the suitability of the proposed site.

8.5. **Disclaimer of Guarantee**. Our recommendation or approval of any proposed site and any information communicated to you regarding such site does not constitute a representation or warranty of any kind, express or implied, as to the suitability or success of such Location. Our recommendation or approval of the proposed site indicates only that the proposed site satisfies the general guidelines and criteria for Locations that we have established.

8.6. **General Release**. In consideration of our acceptance of a proposed site, you and your Owners agree to release us, and our affiliates, officers, directors, employees and agents from any and all loss, damages and liability arising from or in connection with the selection and/or acceptance of such site for the development of a RIVER POOLS business.

9. BUSINESS DEVELOPMENT.

9.1. **Developing the Franchised Business**. You agree, at your own expense, to do the following with respect to developing the Franchised Business:

9.1.1. Secure all financing required to develop and operate the Franchised Business;

9.1.2. Obtain all permits and licenses required to operate the Franchised Business;

9.1.3. Purchase or lease and install all required vehicles, equipment, fixtures, furnishings, and signs required for the Franchised Business;

9.3.4. Purchase an initial inventory of authorized and approved products, materials and supplies; and,

9.3.5. Ensure that the Franchised Business will be operated in compliance with all local, state and federal laws, ordinances, rules and regulations.

9.4. **Vehicles, Equipment, Fixtures, Furnishings and Signs.** You agree to use in developing and operating the Franchised Business only those vehicles, equipment, fixtures, furnishings, and signs that we have approved for RIVER POOLS businesses. It is your obligation to ensure that you are using all vehicles, equipment, fixtures, furnishings and signs that we approve as required. We have no obligations with respect to your use of those items. You agree to place or display only such signs, emblems, lettering, logos and display materials that we approve from time to time. You agree

to purchase or lease approved brands, types or models of vehicles, equipment, fixtures, furnishings, and signs only from suppliers we have designated or approved which may include us and/or our Affiliates.

9.5. **General Release**. Our review and approval of any proposed business development plans for your Franchised Business and any involvement or information communicated to you regarding such business development plans is solely to ensure your compliance with the Operating System.

10. TRAINING.

10.1. **Initial Training.** Before the Franchised Business begins operation we will provide you with initial training on the operation and management of a RIVER POOLS business pursuant to our initial training program. You must attend and successfully complete the initial training to our satisfaction. We reserve the right to change or modify the training, as we deem necessary. If we determine that your Managing Owner is unable to complete initial training to our satisfaction, we have the right to terminate this Agreement. The initial training program shall be provided as identified below:

10.1.1. **Owner or Employee Training**. We agree to provide initial training to your Managing Owner and one (1) additional individual who may be either an Owner or employee who you elect to enroll in the training program.

10.1.2. **Schedule, Location and Costs**. Initial training consists of four (4) working days of training at a training location that we designate. You will be responsible for all travel, accommodation, and living expenses, which your Managing Owner and any selected individual incurs in connection with training.

10.1.3. **Commencement Assistance.** In addition to your initial training, our designated representative will provide three (3) days of commencement assistance to you in your Territory that shall be provided within ninety (90) days of your franchise opening for business. You acknowledge and agree that you shall pay all our related reasonable expenses for providing commencement assistance in your Territory, including, without limitation, travel, accommodation, and living expenses.

10.2. **Additional Ongoing Required Training.** We may require your Managing Owner and/or previously trained and experienced employees to attend additional required training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. You are responsible for all travel, living, wage, and other related expenses, which any individual of the Franchised Business incurs in connection with attendance at any additional training course we provide to you.

10.3. **Supplementary Training**. After the commencement of your Franchised Business operations, if you have additional employees who require training from us we may charge you a fee for this training.

10.4. **Required Meetings**. We may offer a national convention and/or regional meetings or seminars at various times for additional training in marketing, advertising, equipment usage, technology, business management and in other topics selected by us in our discretion. Your Managing Owner and/or your designated personnel must attend the full program and must stay at the designated hotel of each national convention, if held by us. Your Managing Owner and your personnel may be required to attend designated meetings held in your geographical area. You are responsible for all expenses incurred by your Managing Owner and/or your personnel, including, but not limited to,

lodging, room, board, salaries, and incidental expenses and other expenses, when attending any voluntary or mandatory programs, seminars, meetings, and/or national convention. We may charge a registration or other fee for any national convention, or any regional meeting. You must pay any fees that we may charge to you or any of your attendees for any mandatory or optional training programs, seminars, meetings or conventions.

10.5. **Training Assistance**. We may ask you to provide training or assistance to other RIVER POOLS franchisees. You agree to give us reasonable assistance with such training. We agree to reimburse you for your reasonable costs and expenses in providing such assistance.

11. PRE – OPENING REQUIREMENTS.

Prior to opening the Franchised Business you must comply with the pre-opening requirements set forth in the Operating Manual and other guidelines that we prescribe. You agree not to open the Franchised Business until:

11.1. We approve the Location as developed in accordance with our specifications and standards;

11.2. You and/or your employees have completed training to our satisfaction;

11.3. You have given us a copy of your lease for the Location, if applicable;

11.4. The initial franchise fee and all other amounts then due to us have been paid;

11.5. We have been furnished with copies of all agreements and insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;

11.6. You have obtained all required agreements and permits, licenses, and certifications for operating the Franchised Business and the Location is in compliance with all laws, rules and regulations;

11.7. You have satisfied all other requirements or activities as we may require reasonably, in our sole business judgment.

12. OPERATION REQUIREMENTS.

After you have satisfied the initial training and pre-opening requirements set forth in the Operating Manual and have received our written approval you may begin operation of the Franchised Business. You must maintain and operate the Franchised Business in accordance with this Agreement and the terms and standards contained in the Operating Manual.

12.1. **Operating Manual**. During the term of this Agreement, we will allow you to use one (1) copy of our Operating Manual and/or the River Pools Installation Manual, consisting of such materials (possibly including, but not limited to, digital media, audio media, computer software and written materials) that we furnish to franchisees from time to time for use in operating a RIVER POOLS business. The Operating Manual contains the mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business. The Operating Manual also contains business and information relating to other obligations under this Agreement and related agreements. The Operating Manual and other specifications, standards, and operating procedures provided or communicated to you in any form (collectively, our Methods of Operation) shall be deemed a part of this Agreement.

12.1.1. **Modification**. We may modify, edit, delete, update, change and enhance the Operating Manual from time to time to reflect changes in the Methods of Operation.

12.1.2. **Safeguard**. You agree to keep any print or electronic copy of the Operating Manual current and in a secure location at the Franchised Business.

12.1.3. **Disputes**. In the event of a dispute relating to its contents, the master copy of the Operating Manual we maintain at our principal office will be controlling.

12.1.4. **Duplication.** You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operating Manual.

12.1.5. **Confidentiality**. You acknowledge and agree that the Operating Manual is our proprietary property and contains Confidential Information.

12.2. **Adherence to Standards and Specifications.** To insure that the highest degree of quality and service is maintained, you shall operate the RIVER POOLS Franchised Business in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Operating Manual or otherwise in writing. You agree:

12.2.1. To maintain in sufficient supply, as we may prescribe in the Operating Manual or otherwise in writing, and to use at all times, only such types, models and brands of products, equipment in the model and bearing the signage we require (including, but not limited to, a commercial truck for use in the Franchised Business), the tools, and the computer hardware and software), materials and supplies from a supplier or suppliers designated or approved by us that conform to our written standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without our prior written consent; we may designate ourselves or an Affiliate to be an approved supplier, or the only approved supplier, of any products, equipment, and other supplies;

12.2.2. To sell or offer for sale only the fiberglass swimming pool shells, spas, tanning ledges, additional approved swimming pools products, and such other products, equipment and services as have been expressly approved for sale in writing by us; to refrain from any deviation from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any swimming pool shells, additional approved swimming pool products, and other products, merchandise, equipment, and services which we may, in our discretion, disapprove in writing at any time;

12.2.3. To refrain from marketing, offering, or selling any swimming pool shells or additional approved swimming pool products independently of the other products sold by the RIVER POOLS Franchised Business;

12.2.4. To purchase all equipment, materials, products, supplies and services from suppliers as we approve and designate in the Operating Manual or otherwise in writing from time to time;

12.2.5. To refrain from selling any products or equipment at any type of location prohibited by RIVER POOLS in the Operating Manuals or otherwise in writing from time to time;

12.2.6. To refrain from selling or advertising any products, equipment, merchandise, or services hereunder on the Internet without our prior, written approval;

12.2.7 To use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by us, which may relate to any one or more of the following with respect to the RIVER POOLS Franchised Business:

12.2.7.1. Swimming pools, spas, and tanning ledges installation, handling, and maintenance methodologies, and all requirements for engineering, backfill methods and materials, and standards for leveling;

12.2.7.2. Replacement of obsolete or worn out equipment;

12.2.7.3. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, goods, services (including direct labor), materials and supplies that you obtain from us, our Affiliates or others;

12.2.7.4. Sales, marketing, advertising and promotional programs and materials and media used in such programs;

12.2.7.5. Staffing levels for the RIVER POOLS Franchised Business; matters relating to managing the RIVER POOLS Franchised Business; communication to us of the identities of the RIVER POOLS Franchised Business' personnel; and qualifications, training, dress and appearance of employees;

12.2.7.6. Days and hours of operation of the RIVER POOLS Franchised Business;

12.2.7.7. Participation in market research and testing of goods and services;

12.2.7.8. Acceptance of credit cards, other payment systems and check verification services;

12.2.7.9. Participation in any computer network we establish and maintain for RIVER POOLS franchisees (and to execute such agreement(s) and pay such fees as we reasonably require in connection therewith); bookkeeping, accounting, data processing and record keeping systems and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

12.2.7.10. Prohibitions on the sale of any products or services hereunder outside of your Territory only with our prior written consent and

requirements concerning not selling any products or services hereunder in the territory of another RIVER POOLS franchisee. You must coordinate with us for referring sales or customers located outside the Territory to us or other RIVER POOLS franchisees;

12.2.7.11. Types, amounts, terms and conditions of insurance coverage required to be carried for the RIVER POOLS Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the RIVER POOLS Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

12.2.7.12. Adhering to good business practices and observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and

12.2.7.13. Regulation of such other aspects of the operation and maintenance of the RIVER POOLS Franchised Business that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and RIVER POOLS businesses.

12.3. **Provisions of this Agreement.** You agree that the Methods of Operation prescribed from time to time in the Operating Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.

12.4. **Modification of Methods of Operation.** We may periodically modify Methods of Operation, which may accommodate regional or local variations as we determine, and you acknowledge and agree any such modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

12.5. **Sources of Products.**

12.5.1. **Swimming Pool Shells and Related Swimming Pool Products.** You acknowledge and agree that all swimming pool shells that are sold, offered for sale, or used by the RIVER POOLS Franchised Business must be purchased from us or our Affiliates (at then-current prices and subject to the then-current terms and conditions) or from other designated supplier(s) we specify. You acknowledge and agree that all swimming pool, spas, tanning ledges, or any related products that we may designate in our sole business judgment, including, without limitation, motors, pumps, and filters, that are sold, offered for sale, or used by the RIVER POOLS Franchised Business must be purchased from us or our Affiliates (at then-current prices and subject to the then-current terms and conditions) or from other designated supplier(s) we specify.

12.5.2. **No Swimming Pool Shells or Other Reproductions**. You acknowledge and agree that you may not reproduce or attempt to reproduce with molds, or by any other means, any swimming pool shells, spas, or tanning ledges that are offered by the Franchised Business. You acknowledge and agree that you may not provide to any third party any information relating to the manufacturing, construction, or design of any swimming pool shells, spas, or tanning ledges that are offered by the Franchised Business so that such third party may attempt to reproduce any such products, or otherwise may attempt to utilize our Confidential Information to engage in any competitive activity adverse to RIVER POOLS businesses. You acknowledge and agree that it is a material breach of this Agreement to violate the terms of this Section and that any such violation shall constitute sufficient grounds for us to terminate the Agreement immediately upon our written notice to you of termination.

12.5.2. **All Products.** All products sold, offered for sale, or used by the RIVER POOLS Franchised Business shall meet our then-current standards and specifications, as established in the Operating Manual or otherwise in writing. Except as otherwise provided in Section 12.5.1, you shall purchase all products used or offered for sale by the RIVER POOLS Franchised Business for which we have established standards or specifications solely from Approved Suppliers (including distributors and other sources) which demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, and who have been approved by us in the Operating Manual or otherwise in writing. If you desire to purchase any products from a party other than an Approved Supplier, you shall submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We shall have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility that we designate. You shall pay a charge not to exceed the reasonable cost of the evaluation and testing. We shall use our best efforts, within ninety (90) days after our receipt of such completed request with all information we may require reasonably and completion of such evaluation and testing (if required by us), to notify you in writing of our approval or disapproval of the proposed supplier. You shall not sell or offer for sale any products of the proposed supplier until you receive our written approval of the proposed supplier. We may from time to time revoke our approval of particular products, or suppliers when we determine, in our sole business judgment, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products, and cease to purchase from any disapproved supplier. You agree that you shall use any products purchased from Approved Suppliers for the purpose of operating the RIVER POOLS Franchised Business and not for any other purpose, including, without limitation, resale, without our prior written consent. Nothing in the foregoing shall be construed to require us to make available to prospective suppliers standards and specifications that we, in our sole business judgment, deem confidential.

12.5.3. **Purchase of Swimming Pools Shells and Related Swimming Pool Products.** You acknowledge and agree that the quality and consistency of our swimming pools and related swimming pool products is essential to preserve the goodwill of the Marks and the System. Therefore, at all times during the Term, you agree that you shall purchase any of our designated swimming pools shells or related swimming pool products only from us, our Affiliates, or from our Approved Suppliers in accordance with our Standards. You agree that if you violate the terms of this Section 12.5.3 and such violation results in, or is in any

way related to, any damage to the goodwill of our Marks or the System, you shall be solely liable for, and shall promptly reimburse us for, any costs and expenses resulting directly or indirectly from such damage, including but not limited to, any public relations or advertising expenses we determine are necessary to repair our loss of goodwill resulting from such incident. Such remedy shall be in addition to all other remedies provided for in this Agreement or otherwise available to us.

12.6. **Vehicles.** For any vehicle owned, leased, operated, or used by the Franchised Business, including without limitation any job site excavator or skid-steer loader, you acknowledge and agree that any such vehicle must be approved by us pursuant to our standards and specifications and must be maintained and operated by you pursuant to the manufacturer's current standards and specifications. You acknowledge and agree that you shall maintain any such vehicle in good and safe operating condition, repair and appearance and properly serviced and lubricated, furnish all parts and labor required to keep the vehicle in such condition, protect the vehicle from deterioration (other than normal wear and tear), maintain the vehicle in a clean manner in compliance with our specifications, operate the vehicle in a safe and reasonable manner in compliance with all laws, rules, regulations and ordinances, and only use the vehicle in the regular course of your operation of the Franchised Business and within normal capacity. You shall not make any modification, alteration or addition to any such vehicle without our prior written consent.

12.6.1. Vehicle Insurance. For any vehicle owned, leased, operated, or used by the Franchised Business you agree to maintain the insurance types, coverages and amounts that we may specify in full force and effect and written by an insurance company acceptable to us. We, and our successors and assigns, must be named "ADDITIONAL INSURED" as to liability insurance. All such vehicle insurance policies shall provide 30 days' advance written notice to us of cancellation, change, or non-renewal. You shall pay all premiums for such insurance and shall deliver to us evidence satisfactory to us of the insurance required hereby and the renewal thereof; provided, however, that we shall be under no duty to ascertain the existence of or to examine such insurance policy or policies, or to advise you in the event such insurance coverage shall not comply with the requirements hereof. You shall bear the entire risk of loss, theft, destruction or damage to each such vehicle owned, leased, operated, or used by the Franchised Business.

12.6.2 General Indemnity. You shall, and do hereby, indemnify and save us, our agents, employees, successors and assigns, harmless from any and all liability, obligations, losses, damages, penalties, claims, suits, strict liability in tort, cost and expenses, including attorney's fees, arising out of the ownership, selection, location, possession, leasing, renting, operation, control, use, maintenance, repair, delivery and/or redelivery of any vehicle owned, leased, operated, or used by the Franchised Business, including, without limitation, any claim alleging latent and other defects, whether or not discoverable, and any other claim arising out of strict liability in tort, and any claim for patent, trademark or copyright infringement. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

12.7. **Customer Warranties, Customer Service Programs, and Customer Retention Programs.** You acknowledge and agree that you must participate in any customer warranty programs which we may establish from time to time, and to the extent not limited by applicable laws, you must provide to your customers such warranties regarding the products or services of the Franchised Business as we may reasonably require. You acknowledge and agree that you must participate in any customer service program or customer retention program which we may establish from time to time. You

acknowledge and agree that your failure to comply in all respects with the requirements of any such customer service program or customer retention program, or your failure to achieve customer satisfaction results in accordance with our required customer satisfaction index score for any customer service program, as determined by us in our sole business judgment, or your failure to achieve our required customer retention rate for any customer retention program, as determined by us in our sole business judgment, shall be sufficient grounds for us in our sole business judgment either to require your mandatory attendance at any remedial training program that we specify, or for us to deem your Territory non-exclusive in respect to us being authorized to allow any other person to operate a RIVER POOLS business within the Territory, or otherwise for us to terminate the Agreement effective immediately upon your receipt of our written notice to you.

13. GENERAL GUIDANCE.

13.1. Once you commence operation of the Franchised Business you will be required to submit to us reports, records and other financial statements regarding the performance of the Franchised Business. Also, we may conduct on-site inspections. Based on the information that we receive and review we may provide you with further direction and guidance by providing you with additional written materials, telephone consultations, training or on-site consultations. General guidance as to the operation of the Franchised Business will be found primarily in the Operating Manual or given to you through other written materials or bulletins from us. Guidance may be provided to you in any of the following ways:

13.1.1. Telephone and Internet e-mail consultation during such times as are outlined in the Operating Manual;

13.1.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for our products, merchandise, accessories, services, fixtures, furnishings, equipment, signs, etc.;

13.1.3. Wholesaling services whereby we may ourselves act as an approved or designated source for products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc.;

13.1.4. Ongoing marketing programs to fulfill our obligations of this Agreement;

13.1.5. Newsletter services whereby we may inform you periodically about the current events in the RIVER POOLS franchise program;

13.1.6. Meetings, whereby we may convene with you and other RIVER POOLS franchisees for business or social purposes;

13.1.7. Research and development regarding Methods of Operation; and/or

13.1.8. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

14. MARKS.

All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols that we authorize you to use.

14.1. **Ownership of Marks**. You do not have an ownership interest in the Marks used with the Franchised Business. It is our right or license to use, license or sublicense the Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchised Business pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its term. Your unauthorized use of the Marks is a breach of this Agreement and an infringement of our rights in and to the Marks.

14.2. **Use of Marks**. You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe.

14.3. **Goodwill of Marks.** This Agreement does not confer any goodwill or other interests in the Marks to you. Any goodwill established by use of the Marks will be exclusively for our benefit. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and the Operating Manual. At the termination of this Agreement you will not receive any compensation for goodwill.

14.4. **Display of Marks**. You agree to display the Marks prominently in the manner we prescribe at the Franchised Business, on vehicles, supplies or materials we designate and in connection with forms and advertising and marketing materials.

14.5. **Limitations on Use of Marks.** You may not use any Marks as part of any corporate or legal business name or Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized products or services or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the Franchised Business or an ownership interest in you. You agree to give such notices of trademark and service marks registrations, e.g., "®", "™", as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

14.6. **Modification or Replacement of Marks**. You agree to modify or replace any Marks when notified by us. You agree to comply with our directions within a reasonable time after receiving notice. You are responsible for all expenses associated with modifying or replacing the Marks. We will not be obligated to reimburse you for any lost revenue attributable to any modified or discontinued Marks or for any expenditure you make to promote a modified or substitute Mark.

14.7. **Discontinuance of Marks.** You must discontinue the use of the Marks immediately upon termination or expiration of this Agreement.

14.8. **Infringement and Claims of Marks.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks or of any claim by any person of any rights in any Marks. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole business judgment to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office ("USPTO") proceeding or any other

administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.

14.9. **Additional Restrictions on Your Use of the Marks.** You shall not attempt to register or otherwise obtain any interest in any Internet domain name or uniform resource locator ("URL") containing any of the Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Marks, and; You shall not develop, create, generate, own, license, lease or otherwise utilize any computer media and/or electronic media (including but not limited to the Internet, world wide web, bulletin boards, news group and/or social media) which may be used, or in any manner uses, displays or utilizes the Marks, or other commercial symbols or offers to sell or sells any of the products or services which are or may at a later date be offered for sale by RIVER POOLS businesses. If you desire to utilize any computerized or electronic media in conjunction with the operation of your RIVER POOLS Franchised Business, you must obtain our prior written approval of such usage, and we may in our sole and absolute business judgment approve or not approve such usage. If we grant approval, we or our Affiliates will be the owners of and/or control the approved computerized or electronic content and media.

15. CONFIDENTIAL INFORMATION.

15.1. **Determination of Confidential Information**. We possess and will continue to develop and acquire certain confidential information ("Confidential Information") relating to the development and operation of RIVER POOLS businesses. Confidential Information is proprietary to us. Confidential Information may be disclosed to you that may include, but is not limited to:

15.1.1. **Locations**. Our location selection criteria;

15.1.2. **Business Practices**. Our trade secrets, methods, formats, specifications, standards, systems, procedures, the Operating Manual, any other proprietary materials, and knowledge of and experience in developing and operating RIVER POOLS businesses;

15.1.3. **Marketing and Advertising**. Our marketing and advertising programs for RIVER POOLS businesses and the sales and marketing techniques used;

15.1.4. **Vehicles, Equipment, Materials and Supplies**. Knowledge of our specifications for and suppliers of certain vehicles, equipment, fixtures, furnishings, products, materials and supplies; and

15.1.5. **Reports and Records**. Knowledge of the operating results and financial performance of RIVER POOLS businesses other than your Franchised Business.

15.2. **Business Purposes Only.** You will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Franchised Business during the term of this Agreement. Use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of this Agreement. Confidential Information is disclosed to you solely on the condition that you agree that you:

15.2.1. **Business Only**. You will not use Confidential Information in any other business or capacity.

15.2.2. **Term**. You will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement.

15.2.3. **Copies**. You will not make unauthorized copies of any portion of Confidential Information disclosed to you in any format.

15.2.4. **Safeguards**. You will adopt and implement all reasonable safeguard procedures, including those that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to the Franchised Business' personnel and others.

15.3. **Ideas, Concepts, Techniques or Materials.** All ideas, concepts, techniques or materials relating to a RIVER POOLS business, whether or not constituting protected intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the Operating System and deemed to be works made for hire for us. You and your owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

16. EXCLUSIVE RELATIONSHIP.

16.1. **Exclusive Dealings.** We have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us and not to be involved with a Competitive Business.

16.1.1. **Interest or Involvement**. You agree that during the term of this Agreement you, or any of your Owners (including any Owner's spouse, child or other first degree relative by blood or marriage), will not have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located.

16.1.2. **Performance**. You agree that during the term of this Agreement you, or any of your Owners (including any Owner's spouse, child or other first degree relative by blood or marriage), will not perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

16.1.3. **Recruiting.** (including any Owner's spouse, child or other first degree relative by blood or marriage), will not recruit or hire any person who is our employee or the employee of any RIVER POOLS business without obtaining the prior written permission of that person's employer.

17. MARKETING.

17.1. **Advertising Fund.** We may establish an advertising fund ("Advertising Fund") for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole business judgment. The Advertising Fund is intended to maximize recognition of the Marks and patronage of RIVER POOLS businesses**.** We will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all RIVER POOLS businesses. You will be required to contribute to the Advertising Fund as set forth in this Agreement.

17.1.1. **Contribution**. You agree to contribute to the Advertising Fund an amount calculated as two percent (2%) of the then-current Manufacturer's List Price per swimming pool shell that you purchase from us, or from any Affiliate, or from any duly authorized third party (the "Ad Fee"). The Ad Fee shall be due to us at the time any order from you is received by us, or by any Affiliate, or by any duly authorized third party for the purchase of a swimming pool shell. In our sole business judgment, we may elect to forego the collection of the Ad Fee from you at any specified period of time during the Term of the Agreement by providing you with our prior written notice. The Ad Fee shall be a separate amount from the mutually agreed amount of the purchase price of the swimming pool shell, and shall be a separate amount from the Royalty. The Ad Fee shall be due to us at the time any order from you is received by us, or by any Affiliate, or by any duly authorized third party for the purchase of a swimming pool shell.

17.1.2. **Control**. We will direct and control all programs financed by the Advertising Fund, with sole business judgment over the creative concept materials and endorsements used therein and the geographic market and media placement and allocation thereof. We may do the marketing and advertising or we may elect to outsource the marketing and advertising to an agency.

17.1.3. **Purpose of Advertising Fund**. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials, administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising. The Advertising Fund may be used to employ advertising, promotion and marketing agencies and to support public relations, market research and other advertising promotion and marketing activities. The Advertising Fund will furnish you with samples of advertising, marketing formats, promotional formats and other materials at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them plus any related shipping, handling and storage charges.

17.2. **Accounting of Advertising Fund.** The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Advertising Fund and its programs. This may include, without limitation, conducting market research, preparing advertising promotion and marketing materials, and collecting and accounting for contributions to the Advertising Fund.

17.2.1. **Expenditure of Advertising Fund**. We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all RIVER POOLS businesses to the Advertising Fund in that year and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use.

17.2.2. **Interest Earned**. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended.

17.2.3. **Reporting**. We will prepare an annual compiled statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon written request.

17.2.4. **Operation**. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as we deem appropriate and such successor entity will have all of the rights and duties specified herein.

17.3. **Proportionality**. We undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by RIVER POOLS businesses operating in that geographic area. We have no obligation to ensure that any RIVER POOLS business will benefit directly or in proportion to its Ad Fees paid to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the Advertising Fund.

17.4. **Deferrals or Reductions**. We reserve the right to defer or reduce contributions of a RIVER POOLS business franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of Ad Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period.

17.5. **Local Business Promotion By You.** You acknowledge and agree that prior to beginning to operate the Franchised Business or within sixty (60) days of your completion of initial training with us, you must spend not less than Seven Thousand Five Hundred Dollars ($7,500) for local advertising and promotion of your Franchised Business. You acknowledge and agree that each consecutive three hundred sixty five (365) days period during the Term of the Franchise Agreement, you must spend not less than Thirty Thousand Dollars ($30,000) for local advertising and promotion of your Franchised Business.

17.6. **Advertising Approval**. You may not use any advertising or promotional materials unless we have approved it. Samples of all advertising, promotional and marketing materials, which we have not prepared or previously approved, must be submitted to us for approval before you use them. We own the copyrights to anything so submitted, whether approved by us or not. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have NOT given the required approval.

17.7. **Truthful Advertising, Marketing and Promotion**. You agree that any advertising, promotion and marketing conducted will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe.

17.8. **Franchisee Websites.** You will be provided a listing on our website. You agree not to promote, offer or sell any products or services relating to your Franchised Business, or to use any of the Marks, through the Internet or through the use of an Internet website without our prior written consent, which consent may be withheld by us for any reason, in our sole business judgment. In connection with any such consent we provide for you to establish a website, we may establish such requirements as we deem appropriate, in our business judgment, including obtaining our prior written approval of any Internet domain name and home page addresses; submission for our approval of all website pages, materials and content; use of all hyperlinks and other links; restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and obtaining our prior written approval of any modifications.

18. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

18.1. **Bookkeeping**. You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe. You agree to produce records, reports and financial statements upon our request that adequately represent your financial position and that of the Guarantors. We may require you to use approved computer hardware and software in order to maintain the Franchised Business' records and reports. Records and reports must be furnished to us in the form and frequency as specified in this Agreement and the Operating Manual. You acknowledge and agree that we may require you to provide us with any of the following information, without limitation, as specified:

18.1.1. **Monthly Financial Statements**. You agree to provide us, by the fifth (5^{th}) day after the end of each calendar month, a profit and loss statement for the Franchised Business for the preceding calendar month and a year-to-date balance sheet.

18.1.2. **Annual Financial Statements**. You agree to provide us, within ninety (90) days after the end of the Franchised Business' fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the Franchised Business as of the end of such fiscal year signed by you or your principal operating officer or operating partner.

18.1.3. **Tax Returns**. You agree to provide us, within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other related information.

18.1.4. **Credit Reports**. You agree to allow us to obtain credits reports as deemed necessary during the period of this Agreement.

18.1.5. **Maintenance of Records**. You are required to maintain reports, records and financial statements as prescribed in the Operating Manual for your Franchised Business.

18.2. **Verification.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Franchised Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis at your expense by an independent third party. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve all information relating to the Franchised Business' operations.

19. INSPECTIONS AND AUDITS.

19.1. **Right to Audit**. Our designated agents and we have the right to, at any time during your regular business hours and without prior notice to you, to inspect and/or audit, or cause to be inspected and/or audited, all records relating to the Franchised Business and operation practices of the Franchised Business in order to verify that you are complying with this Agreement, collateral agreements, and our Methods of Operation and that you are maintaining the uniformity and quality of the services and products associated with the Marks. We have the right to observe, photograph and videotape the operations of the Franchised Business for such consecutive or intermittent periods, as we deem necessary. We have the right to interview personnel and customers of the

Franchised Business. We have the right to inspect and copy any books, records and documents relating to your operation of the Franchised Business. You agree to cooperate with any such inspection.

19.2. **Audit Expense**. In the event such inspection and/or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees.

19.3. **Cure**. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you must immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

20. TRANSFER AND ASSIGNMENT.

20.1. **Assignment by Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

20.2. **Assignment by You**. This Agreement and the franchise are granted personally to you. You may only assign or transfer any interest or ownership that you may have in the Franchised Business with our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void. Our approval is conditioned on the prospective transferee agreeing to sign a franchise agreement with us and meeting our qualifying conditions and requirements. We will not unreasonably withhold the approval of a prospective franchisee.

20.3. **Assignments.** An assignment, transfer, sale, gift or other disposition includes the following events:

20.3.1. transfer of ownership of capital stock, partnership interest, or other equity interest in you;

20.3.2. merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

20.3.3. any issuance or sale of your stock or any security convertible to your stock to any person or entity other than an existing owner;

20.3.4. transfer of an interest in you, this Agreement or the Franchised Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

20.3.5. transfer of an interest in you, this Agreement or the Franchised Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

20.3.6. pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Franchised Business or your transfer, surrender or loss of possession, control or management of the Franchised Business.

20.4. **Conditions for Approval of Transfer.** If you and all owners are in full compliance with this Agreement, we will approve a transfer that meets all of our applicable requirements and otherwise meets our applicable standards for RIVER POOLS franchises. A transfer of ownership, possession or control of the Franchised Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

20.4.1. **Abilities**. The transferee and its direct and indirect owners have the moral character, skill, aptitude, attitude, experience, references, credentials, acumen and financial capacity to operate the Franchised Business.

20.4.2. **Current Accounts**. You have paid all Royalties, Ad Fees, amounts owed for purchases from us and all other amounts owed to us or to third party creditors and have submitted all required reports and statements.

20.4.3. **Training**. The transferee's Managing Owner has agreed to complete training to our satisfaction and does complete training to our satisfaction prior to closing.

20.4.4. **Franchise Agreement**. The transferee has agreed to be bound by all of the terms and conditions of this Agreement for the remainder of its Term or, at our option, must execute our then current standard form of franchise agreement and related documents used in the state in which your Franchised Business is located (which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement).

20.4.5. **Transfer Fee**. You pay us a transfer fee as follows: 50% of the then-current Franchise Fee if selling the Franchised Business between years 1 and 3; 25% of the then-current Franchise Fee if selling at year 4; 20% of the then-current Franchise Fee if selling at year 5; 15% of the then-current Franchise Fee if selling at year 6; 10% of the then-current Franchise Fee if selling at year 7; 5% of the then-current Franchise Fee if selling between years 8 and 10. In addition to the transfer fee, you agree to pay us our reasonable legal fees and administrative costs incurred, and our reasonable out-of-pocket expenses, including, without limitation, travel, meals, lodging and other investigative expenses involved in meeting with or qualifying the transferee. If the proposed transfer is among your owners, the transfer fee will be waived, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer.

20.4.6. **General Release**. You (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents.

20.4.7. **Approval**. We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business.

20.4.8. **Priority**. If you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Advertising Fund contributions and other amounts due to us and otherwise to comply with this Agreement.

20.4.9. **Collateral Agreement**. You and your transferring owners have executed an agreement in favor of us agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement pertaining to the Marks (Section 14), Confidential Information (Section 15) and a Covenant not to Compete (Section 23.4).

20.4.10. **Representation**. You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other RIVER POOLS businesses you own and operate) identify or represent yourself or themselves or any business as a current or former RIVER POOLS business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a RIVER POOLS business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us.

20.5. **Transfer to a Wholly Owned Corporation.** If you are in full compliance with this Agreement, you may transfer this Agreement to a wholly-owned corporation which conducts only the RIVER POOLS Franchised Business. You agree to maintain management control and own and control one hundred (100%) percent of the equity and voting power of all issued and outstanding capital stock. All assets and operations of the Franchised Business are to be owned and controlled by a single corporation. Transfers of shares in such corporation will be subject to the provisions of this Agreement. You agree to remain personally liable under this Agreement as if the transfer to such corporation had not occurred.

20.6. **Operation Upon the Death or Disability of the Managing Owner**. If, upon the death or permanent disability of the Managing Owner, the Franchised Business is not being managed by a manager trained by us, you or such Managing Owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed sixty (60) days from the date of death or permanent disability of the Managing Owner, appoint a manager to operate the Franchised Business, subject to our written approval. Such manager must successfully complete our required initial training at your expense within thirty (30) days of being appointed to operate the Franchised Business.

20.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the Franchised Business or any interest in you does not constitute a representation on our behalf as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

20.8. **Bona Fide Offers**. If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Franchised Business or an ownership interest in you, you agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five (5%) percent or more of the offering price) and a completed franchise application

from a fully disclosed offeror (including lists of the owners of record and beneficial owners of any corporate or limited liability company, or all general and limited partners of any partnership, or, in the case of a publicly held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Franchised Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Franchised Business must reflect the bona fide price offered therefor and not reflect any value for any other property or rights.

20.9. **Our Right of First Refusal.** We have the right, exercisable by written notice delivered to you or your selling owners within thirty (30) days from the date of the delivery to us of both an exact copy of such bona fide offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such bona fide offer, provided that:

20.9.1. we may substitute cash for any form of payment or non-cash consideration proposed in such offer;

20.9.2. our credit will be deemed equal to the credit of any proposed purchaser;

20.9.3. we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

20.9.4. we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

20.9.4.1. ownership and condition of and title to stock or other forms of ownership interest and/or assets;

20.9.4.2. liens and encumbrances relating to the stock or other ownership interest and/or assets; and

20.9.4.3. validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

20.10. **Exercise.** If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of twenty four (24) months commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 23.4. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 23 of this Agreement.

20.11. **Non-Exercise.** If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such bona fide offer, subject to our approval of the transfer as provided in Section 20.4. If the sale is not completed within one hundred twenty (120) days after delivery of such bona fide offer to us, or if there is a material change in the

terms of the sale (which you agree promptly to communicate to us), the sale will be treated as a new sale subject to our right of first refusal as provided in Section 20.9.

21. EXPIRATION OF THIS AGREEMENT.

21.1. **Expiration and Renewal.** Upon the expiration of the term of this Agreement you may renew the franchise for the Franchised Business if you and each of your owners have substantially complied with this Agreement during its term. You will have the right to renew your franchise, under the terms and conditions of the Franchise Agreement we are using at that time, provided that:

21.1.1. **Compliance with Standards**. You agree to add or replace vehicles, equipment and signs and otherwise modify the Franchised Business as we require to bring it into compliance with specifications and standards then applicable for RIVER POOLS businesses, or

21.1.2. **Compliance with Standards – Alternate Location**. If you are unable to maintain possession of the Location, or if in our judgment the Franchised Business should be relocated, you must secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for RIVER POOLS businesses and continue to operate the Franchised Business at the original Location until operations are transferred to the substitute premises.

21.2. **Renewal Fee**. If you are eligible and elect to renew your franchise the renewal franchise fee is Five Thousand Dollars ($5,000).

21.3. **Notice.** You agree to give us written notice of your election to renew your franchise during the last year of the term of this Agreement but not less than ten (10) months prior to the date of expiration of this Agreement. We agree to give you written notice ("Our Notice"), not more than ninety (90) days after we receive your notice, of our decision.

21.3.1. **Grant**. Our Notice may grant to you a ten (10) year renewal franchise;

21.2.2. **Conditional Grant**. Our Notice may be a conditional grant to you a renewal of the franchise on the condition that deficiencies of the Franchised Business, or in your operation of the Franchised Business, are corrected within a specified time frame; or,

21.2.3. **No Grant**. If we elect not to grant a renewal franchise, Our Notice will describe the reasons for our decision.

21.5. **Agreements / Releases.** If you satisfy all of the other conditions to the grant of a renewal franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of renewal franchises for RIVER POOLS businesses. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign these agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a renewal franchise.

22. DEFAULT AND TERMINATION.

22.1. **Automatic Termination.** You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you or opportunity to

cure, if: You become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against you; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Location or equipment is instituted against you and not dismissed within thirty (30) days; or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

22.2. **Notice Without Opportunity to Cure.** In addition to the foregoing, upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you (in the manner provided under Section 26 hereon:

22.2.1. If you fail to open and operate the RIVER POOLS Franchised Business within the time limits provided in Section 6.1 hereof;

22.2.2. If your Managing Owner or the other individuals identified in Section 10.1 fail to complete the Initial Training Program to our satisfaction, or fail to attend additional training as described in Section 10 hereof;

22.2.3. If you at any time cease to operate or otherwise abandon the Franchised Business for seven (7) or more consecutive business days, or lose the right to possession of the Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; however, if, through no fault of your own, the Location is damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then you shall have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the Location, which approval shall not be unreasonably withheld;

22.2.4. If you, or any of your Owners, officers, or directors, are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interest therein; or if you or any of your Owners, officers, or directors, commit any acts or engage in any behavior that we believe is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interest therein, including but not limited to conduct that is fraudulent, unfair, unethical, or deceptive;

22.2.5. If a threat or danger to public health or safety results from construction, maintenance, or operation of the Franchised Business;

22.2.6. If you reproduce, or attempt to reproduce with molds, or by any other means, any swimming pool shells, spas, or tanning ledges that are offered by the Franchised Business, or if you provide to any third party any information relating to the manufacturing, construction, or design of any swimming pool shells, spas, or

tanning ledges that are offered by the Franchised Business so that such third party may attempt to reproduce any such products, or otherwise may attempt to utilize our Confidential Information to engage in any competitive activity adverse to RIVER POOLS businesses.

22.2.7. If any purported assignment or transfer of any direct or indirect interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business is made to any third party without our prior written consent, or otherwise contrary to the terms of Section 20 hereof;

22.2.8. If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 20.6 hereof;

22.2.9. If you fail to comply with the covenants in Section 16 hereof;

22.2.10. If, contrary to the terms of Section 15 hereof, you disclose or divulge the contents of the Operating Manual or other Confidential Information provided to you by us;

22.2.11. If you intentionally under-report Gross Revenue;

22.2.12. If you knowingly maintain false books or records or submit any false reports or other documentation (including your application for this franchise) to us;

22.2.13. If you misuse or make any unauthorized or improper use of the Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein; or if you fail to utilize the Marks solely in the manner and for the purposes directed by us;

22.2.14. If you refuse to permit us to inspect the Location, or the books, records or accounts of you upon demand as provided for herein;

22.2.15. If you, after curing any default pursuant to Section 22.3 hereof, commit the same default again, whether or not cured after notice;

22.2.16. If you sell products or services not previously approved by us, or purchase any product or service from a supplier not previously approved by us;

22.2.17. If you (or any of your owners) have made any material misrepresentation to us or any other party or omission in connection with your purchase of the Franchised Business; or

22.2.18. If we cure any default by you pursuant to Section 22.4 hereof.

22.3. **Notice With Opportunity to Cure.** Except as otherwise provided in Sections 22.1 and 22.2 of this Agreement, upon any other default by you, we shall give you written notice of such default and an opportunity to cure such default within thirty (30) days (or such shorter period specified below) of your receipt of such notice. We shall have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof thereof, within the thirty (30) days period (or such shorter period specified below). If applicable law requires a longer cure period, such period shall apply to our notice. Defaults which are susceptible of cure hereunder include the following illustrative events:

22.3.1. If you fail to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time be supplemented by the Operating Manual, or fail to carry out the terms of this Agreement in good faith;

22.3.2. If you fail, refuse or neglect promptly to pay any monies owing to us or our Affiliates when due, or to submit the financial or other information required by us under this Agreement (You shall have seven (7) days from your receipt of written notice to cure such default);

22.3.3. If you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Operating Manual, or otherwise in writing, including, without limitation, all our required methodologies relating to product installation, handling, and transportation, and all our standards and procedures for remedying any customer complaint;

22.3.4. Except as provided in Section 22.2.6 hereof, if you fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement;

22.3.5. If, upon inspection by us or a government inspector, your RIVER POOLS Franchised Business is in violation of the health, safety, or sanitation standards prescribed by us in this Agreement, the Operating Manual, or otherwise in writing, or is in violation of any health or safety law, codes, or regulation (You shall have twenty four (24) hours from your receipt of written notice to cure such default);

22.3.6. If you act, or fail to act, in any manner which is inconsistent with or contrary to your lease or sublease for the Location, or in any way jeopardize your right to renewal of such lease or sublease (You shall have seven (7) days from your receipt of written notice to cure such default);

22.3.7. If you engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to the Marks (You shall have seven (7) days from your receipt of written notice to cure such default); or

22.3.8. If you fail to comply with all applicable laws, rules and regulations related to the operation of the RIVER POOLS Franchised Business (including, without limitation, the applicable provisions regarding the construction, design and operating requirements of the RIVER POOLS Franchised Business).

22.4. **Limitation of Services or Benefits.** If you receive a notice of default issued pursuant to either Section 22.2 or Section 22.3 and fail to cure such default within the time period permitted in such notice, we shall have the right, in our sole business judgment, to temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder in lieu of exercising our right to terminate this Agreement pursuant to its terms, including, without limitation:

22.4.1. To restrict you or any of your staff attendance at any initial training, continuing training, meetings, workshops, or conventions;

22.4.2. To refuse or permit any Affiliate to sell or furnish to you any products, equipment, supplies, or advertising and promotional materials, including, but not limited to, withholding shipment of products or equipment used in the Franchised Business;

22.4.3. To refuse to provide you with ongoing advice about the operation of the RIVER POOLS Franchised Business:

22.4.4. To refuse any request by you to approve a new supplier; and

22.4.5. To refuse any request by you to approve the use of any advertising or promotional materials.

You agree to hold us harmless with respect to any action taken by us pursuant to this Section 22.4; and you further agree that we shall not be liable for any loss, expense, or damage incurred by you or the RIVER POOLS Franchised Business because of any action we take pursuant to this Section 22.4. Nothing in this Section 22.4 constitutes a waiver of any of our rights or remedies under this Agreement or any other agreement between the parties, including, without limitation, the right to terminate this Agreement under Sections 22.1, 22.2, and 22.3 hereof. You acknowledge and agree that our exercise of our rights pursuant to this Section 22.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between the parties, and shall not be deemed a breach of any provision of this Agreement by us. Any services or benefits removed, curtailed, or limited pursuant to this Section 22.4 may be reinstated at any time by us in our sole business judgment and you hereby agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. You acknowledge and agree that, if we limit any services or benefits under this Section 22.4, you shall continue to pay timely all fees and payments required under this Agreement and any other agreement between you and us, including, without limitation, any fees associated with services or benefits limited by us. You shall have no right to a refund of any fees paid in advance for such services or benefits.

23. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

23.1. **Payment of Amounts Owed to Us and Assignment of Customer Accounts.** Any money which you owe us as of the termination or expiration date of this Agreement shall be paid to us by you within fifteen (15) days of the effective date of the termination or expiration. You agree that all customer accounts shall be assigned by you immediately to us upon termination or expiration of this Agreement and you agree to execute any and all documents and do such acts as we may request to carry out such assignment of your customer accounts, in our sole business judgment.

23.2. **Marks.** Upon the termination, for any reason, or expiration of this Agreement:

23.2.1. you may not directly or indirectly at any time or in any manner (except with respect to other RIVER POOLS businesses you own and operate) identify yourself or any business as a current or former RIVER POOLS business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a RIVER POOLS business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that indicates or suggests a connection or association with us;

23.2.2. you agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks;

23.2.3. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree to deliver to us within thirty (30) days after the Notification Date (as

defined in Section 23.6.1.) all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging and other materials containing any Marks or otherwise identifying or relating to a RIVER POOLS business and allow us, without liability to you or third parties, to remove all such items from the Franchised Business;

23.2.4. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the Franchised Business clearly from its former appearance and from other RIVER POOLS businesses so as to prevent confusion therewith by the public; and

23.2.5. you agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

23.3. **Confidential Information.** You agree that, upon termination, for any reason, or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Operating Manual and any other confidential materials, including, without limitation, computer software and any mechanisms (electronic key) used to access the software, that we have allowed you to use.

23.4. **Covenant Not to Compete.** Upon the termination or expiration of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the Franchised Business, you agree that, for a period of twenty four (24) months commencing on the effective date of termination or expiration neither you nor any of your Owners will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee in a management or sales capacity, consultant, representative, agent, or in any other capacity in any Competitive Business operating within the Territory, or operating within two hundred (200) miles of the Location, or operating within one hundred (100) miles of the principal business address of any other RIVER POOLS business operating as of the effective date of termination or expiration of this Agreement.

23.5. **Commencement by Order.** If it becomes necessary to enforce the Covenant Not to Compete by court order, we will seek to enjoin competition for two (2) years from the date of issuance of the order. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

23.6. **Our Rights to Purchase the Franchised Business.**

23.6.1. Exercise of Option. Upon termination or expiration of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, to purchase the Franchised Business from you. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date.") We have the unrestricted right to assign this option to purchase the Franchised Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

23.6.2. Purchase Price. The purchase price for the Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Business' vehicles, equipment, signs, inventory, materials and supplies, provided that the Franchised Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement; the Marks; or participation in the network of RIVER POOLS businesses. The length of the remaining term of the lease for the Location will also be considered in determining the Franchised Business' fair market value.

23.6.3. Exclusions. We may exclude cash or its equivalent and any vehicles, equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business' operation or that we have not approved as meeting standards for RIVER POOLS businesses from the assets purchased, and the purchase price will reflect these exclusions.

23.6.4. Appraisal. If we and you are unable to agree on the Franchised Business' fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the date we determine that we are unable to agree on the Franchised Business' fair market value, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the reasonable fees and expenses of the third appraiser chosen by the two party appointed appraisers. You and we will take reasonable actions to cause the appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

23.6.5. Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us.

23.6.6. Instruments. At the closing, you agree to deliver instruments transferring:

23.6.6.1. good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

23.6.6.2. all licenses and permits of the Franchised Business which may be assigned or transferred; and

23.6.6.3. the leasehold interest in the Location and improvements thereon.

23.6.7. Escrow. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will, at our election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

23.6.8. Releases. You and your Owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

23.7. **Continuing Obligations.** All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

24. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

24.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Business personnel and others as the owner of the Franchised Business under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.

24.2. **No Liability For Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than Franchisor and Franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the Franchised Business' operation or the business you conduct pursuant to this Agreement.

24.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, employment related, gross receipts, income, property or other taxes, whether levied upon you or the Franchised Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

24.4. **Indemnification.** You, and each of the Guarantors identified in Appendix C, agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "Indemnified Parties") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon any of the following: any injury, or alleged injury, on a job site; any injury, or alleged injury, in any swimming pool or spa; the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any federal, state, or local law, regulation, ruling or industry standard; libel, slander, or any other form of defamation by you or your Guarantors or principals; the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; acts, errors, omissions of you, any of your

Affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your Affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Business. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us at your expense. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24.5. **Mitigation Not Required.** Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

25. ENFORCEMENT AND MISCELLANEOUS MATTERS.

25.1. **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

25.2. **Lesser Covenant Enforceable.** If any covenant herein is unenforceable because it is too broad, but would be enforceable by reducing it in scope, time or other manner you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

25.3. **Greater Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required herein, this Agreement is deemed modified to comply with the applicable law.

25.4. **Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole business judgment, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

25.5. **Non-Waiver.** We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement.

25.6. **Force Majeure.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from:

25.6.1. unforeseeable transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

25.6.2. acts of nature;

25.6.3. fires, strikes, embargoes, war or riot; or

25.6.4. any other similar event or cause.

25.7. **Extend Performance**. Any delay resulting from any force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed.

25.8. **Discontinued Products**. We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we discontinue any products and they are no longer a part of our Methods of Operation or if we cannot deliver, or cause to be delivered, or if our affiliates or designated sources or approved suppliers cannot deliver, all of your orders for products, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.

25.9. **Costs and Attorney's Fees**. If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

25.10. **You May Not Withhold Payments Due to Us**. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Section 25.12.

25.11. **Rights of Parties are Cumulative**. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

25.12. DISPUTE RESOLUTION.

25.12.1. Mediation. Except as provided in Section 25.12.3., prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy or claim between the parties and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for your Franchised Business, any loan or other finance arrangement between us or our affiliates and you, the parties' relationship, your

Franchised Business, or any Methods of Operation, Operating System or Operating Standard, in accordance with the following procedures:

25.12.1.1. The party seeking mediation must commence mediation by sending the other party, in accordance with Section 26, a written notice of its request for mediation headed "Notification of Dispute". The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within twenty (20) days after receipt thereof, in accordance with Section 26, stating its version of the facts, and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 22 of this Agreement, the other party will respond within ten (10) business days.

25.12.1.2. Upon receipt of a Notification of Dispute and response under Section 25.12.1, the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within twenty (20) days after receipt of the response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in the city of our then-current corporate headquarters. The parties must select a mediator jointly.

25.12.1.3. All mediation session will occur in Hancock County, Indiana and must be attended by your Principal Owners or Managing Owner (and any other persons with authority to settle the dispute on your behalf) and our representatives(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within thirty (30) days, the parties are free to pursue arbitration. In addition, if the party receiving notice of mediation has not responded within five (5) days of delivery of the notice or a party fails to participate in the mediation, this Section 25.12.1. will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five (5) days prior to the initial mediation session, each party must deliver a written statement of positions.

25.12.2. Arbitration. Except as provided in Section 25.12.3, any dispute, controversy or claim between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or

in relation to this Agreement, any lease of sublease for your Franchised Business, any loan or other financial arrangement between us or our affiliates and you, the parties' relationship, your Franchised Business, or any System Standard or the scope or validity of the arbitration obligation under this Section not resolved by mediation must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

25.12.2.1. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such a proceeding will be barred.

25.12.2.2. 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 claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation or joinder of or class action certification of claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 25.14.

25.12.2.3. The arbitration must take place in Hancock County, Indiana.

25.12.2.4. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in commercial law. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstances (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Section 25.14 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

25.12.2.5. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction.

25.12.2.6. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of the Franchisor is located.

25.12.2.7. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Franchisor is then located.

25.12.2.8. All other procedural matters will be determined by applying statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located.

25.12.2.9. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

25.12.2.10. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

25.12.2.11. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 25.9 or 25.12.4.

25.12.3. Exceptions to Arbitration. Notwithstanding Sections 25.12.1 and 25.12.2, the parties agree that the following claims will not be subject to arbitration or mediation.

25.12.3.1. any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceeding initiated hereunder,

25.12.3.2. any action in ejectment or for possession of any interest in real or personal property;

25.12.3.3. any action which by applicable law cannot be arbitrated; or

25.12.3.4. our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

25.12.4. Costs and Attorney's Fees. The prevailing party in any action or proceedings arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other

arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

25.12.5. Survival. The provisions of this Section 25.12 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

25.12.6. Tolling of the Statute of Limitations. All applicable statutes of limitations and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 25.12 are pending. The parties will take such action, if any, required to effectuate tolling.

25.12.7. Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Section 25.12, unless to do so would be impossible or impracticable under the circumstances.

25.13. **Governing Law.** All matters relating to arbitration will be governed by the FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required hereby, the UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of Indiana, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section.

25.14. **Consent to Jurisdiction**. Subject to Section 25.12, you and your owners agree that we may institute any action against you or your owners in any state or federal court of general jurisdiction in Indiana, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

25.15. **Waiver of Punitive Damages and Jury Trial**. Except with respect to your obligation to indemnify us pursuant to Section 24 hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

25.16. **Binding Effect**. This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.

25.17. **Limitations of Claims.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

25.18. **Construction.** The preambles and exhibits are a part of this Agreement which, together with the Operating Manual and our other written policies, constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement. Except as contemplated by the arbitration provisions of Section 25.12, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Nothing in the Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document.

25.19. **Withhold Approval.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

25.20. **Section Headings.** The headings of the Sections are for convenience only and do not define, limit or construe the contents of the Sections.

25.21. **Joint and Several Owner's Liability**. If two or more persons are at any time the owner of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

25.22. **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

26. **NOTICES AND PAYMENTS.**

26.1. **Notices.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Operating Manual will be deemed so delivered:

26.1.1. at the time delivered by hand;

26.1.2. one (1) business day after transmission by telecopy, facsimile or other electronic system, provided there is evidence of delivery;

26.1.3. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or

26.1.4. five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

26.2. **Electronic Payments**. All electronic payments required to be delivered by the provisions of this Agreement or the Operating Manual will be deemed so delivered by EFT or bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

[THE SPACE BELOW IS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

River Pools Franchising, LLC

By:_____

Title: _____

Dated: _____

EACH OF THE UNDERSIGNED PARTIES WARRANTS AND REPRESENTS THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.

[FRANCHISEE BUSINESS ENTITY NAME]

By:_____

Title: _____

Dated: _____

As Individuals:

_____

Dated: _____

_____

Dated: _____

_____

Dated: _____

APPENDIX A

TO THE FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____

DATED _____, 20__

Effective Date: This Appendix A is current and complete as of _____, 20____.

OWNERSHIP AND MANAGEMENT.

1. **MANAGING OWNER**. The name, home address, phone numbers and social security number of the Managing Owner is:

   _____
   _____
   _____

2. **FORM OF OWNER.**

   2.1. **Business Entity.** What is the form of your business entity? _____

   Date of Formation of Entity (Date of Incorporation, if applicable): _____

   Federal Identification Number of Entity: _____

   The following is a list of your directors, if applicable, and officers as of the effective date of Appendix A shown above:

Name of Each Director/Officer/Partner	**Position(s) Held**

3. **OWNERS.** The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describes the nature of each owner's interest.

Owner's Name and Address	**Description of Interest** (Must total 100%)

APPENDIX A

TO THE FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND

_____
(continued)

IN WITNESS WHEREOF, the parties hereto have executed this Appendix A to the Franchise Agreement on the date(s) set forth below.

River Pools Franchising, LLC

By: _____

Name Printed: _____

Title: _____

[FRANCHISEE BUSINESS ENTITY NAME]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

_____

Name Printed: _____

Dated: _____

_____

Name Printed: _____

Dated: _____

_____

Name Printed: _____

Dated: _____

APPENDIX B

TO THE FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____

DATED _____, 20___

LOCATION AND TERRITORY.

1. **LOCATION.**

   The approved business location ("Location") of the Franchised Business is:
   _____
   _____.

   If no location is approved at the time this Agreement is executed, this Appendix B will be updated when a location has been designated by you and duly approved by us.

2. **TERRITORY DEFINITION.** The Territory referred to in the Franchise Agreement shall be as follows:
   _____
   _____
   _____.

3. **TERRITORY AS OF TODAY.** If the Territory is identified by counties or other political subdivisions, the Territory will be fixed by the political boundaries as they exist today. Any later changes to political boundaries shall not change the boundaries of the Territory.

River Pools Franchising, LLC

By:_____
Title: _____
Dated: _____

[FRANCHISEE BUSINESS ENTITY NAME]

By:_____
Title: _____
Dated: _____

As Individuals:

_____
Dated: _____

_____
Dated: _____

APPENDIX C

TO THE FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND

_____

DATED _____, 20___

GUARANTY AND ASSUMPTION OF OBLIGATIONS.

1. **GUARANTORS.** THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is given this _____ day of_____, 20_____, by _____.

2. **GUARANTEES.** In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Agreement") dated today between _____ ("Franchisee") and River Pools Franchising, LLC ("us" "we" or "our"), each of the undersigned guarantors (the "Guarantor") hereby personally and unconditionally:

   2.1. guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that

   _____
   _____

   will punctually pay, perform and satisfy each and every obligation, undertaking, agreement and covenant of Franchisee set forth in the Agreement; and

   2.2. agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities; and

   2.3. agrees to pay reasonable attorney's fees and all costs incurred by us in collecting, or attempting to collect, any sums owed by Franchisee under the Agreement, or otherwise enforcing, or attempting to enforce, any provision of the Agreement, or owed by the Guarantor as a result of, or in connection with this Guaranty. Each Guarantor's liabilities and obligations hereunder are primary and direct and are independent of Franchisee's obligations, and separate actions may be brought and prosecuted against the Guarantor. This is a Guaranty of payment and performance and not of collection.

3. **CONSENT AND AGREEMENT.** Each Guarantor consents and agrees that:

   3.1. his direct and immediate liability under this Guaranty will be joint and several;

   3.2. he will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses, for any reason, punctually to do so;

3.3. such liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and

3.4. such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.

3.5. This Guaranty shall be binding on each Guarantor and his respective successors and assigns, and shall inure to our benefit and the benefit our successors and assigns. The Guarantor may not assign his obligations hereunder without our prior written consent.

The obligations of Franchisee and Guarantor, as described herein and in the Agreement, shall not be considered fully paid, performed and discharged unless and until all payments by Franchisee to us are no longer subject to any right on the part of any person to set aside such payments or to seek to recoup the amount of such payments. The foregoing shall include, by way of example and not by way of limitation, all rights to recover preferences voidable under Title 11 of the United States Code. If any such payments by Franchisee to us are set aside in whole or in part after being made, or are settled without litigation, to the extent of such settlement, all of which is in our business judgment, the Guarantor shall be liable, jointly and severally for the full amount of our costs, interest, attorney's fees and any and all expenses which we pay or incur in connection therewith.

4. **WAIVERS.** Each Guarantor waives all rights to payments and claims for reimbursement or subrogation which any of the Guarantors may have against Franchisee arising as a result of the Guarantor's execution of and performance under this Guaranty.

IN WITNESS WHEREOF, each of the undersigned Guarantors has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

_____
_____
Date

_____
_____
Date

_____
_____
Date

APPENDIX D

TO THE FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____

DATED _____, 20____

ELECTRONIC FUNDS TRANSFER AUTHORIZATION.

The undersigned depositor ("DEPOSITOR") hereby: 1.) authorizes River Pools Franchising, LLC ("RIVER POOLS") to initiate debit entries and/or credit correction entries to the DEPOSITOR's checking and/or savings account indicated below and 2.) authorizes the depository designated below ("DEPOSITORY") to debit such accounts pursuant to RIVER POOLS's instructions.

_____	_____	
DEPOSITORY	Branch	
_____	_____	_____
City	State	Zip Code
_____	_____	
Bank Transit/ABA Number	Account Number	

This authority shall remain in full force and effect until DEPOSITORY has received joint written notification from RIVER POOLS and DEPOSITOR of the DEPOSITOR's termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity to act on it. Notwithstanding the foregoing, DEPOSITORY shall provide RIVER POOLS and DEPOSITOR with thirty (30) days' prior written notice of the termination of this authority. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

_____	_____
DEPOSITOR (Print Name)	DEPOSITORY (Print Name)
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ACKNOWLEDGMENT ADDENDUM TO
RIVER POOLS FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____

As you know, you and we are entering into a Franchise Agreement for the operation of a RIVER POOLS franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes. No.

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes. No.

   If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

   _____
   _____
   _____

3. Did you receive a copy of the Franchise Agreement at least seven (7) days prior to signing it?

   Yes. No.

4. Have you received and personally reviewed the Disclosure Document we provided to you?

   Yes. No.

5. Do you understand all of the information contained in the Disclosure Document?

   Yes. No.

   If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

   _____
   _____
   _____

6. Did you receive a copy of the Disclosure Document at least fourteen (14) days prior to signing any agreement with us or paying us any money?

   Yes. No.

7. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

   Yes. No.

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other Businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes. No.

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

   Yes. No.

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes. No.

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

    Yes. No.

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

    Yes. No.

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

    Yes. No.

ACKNOWLEDGMENT ADDENDUM TO
RIVER POOLS FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____
(continued)

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes. No.

15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes. No.

16. If you have answered "Yes" to any of questions nine (9) through fifteen (15), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

_____
_____
_____

17. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes. No.

18. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

Yes. No.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

ACKNOWLEDGMENT ADDENDUM TO
RIVER POOLS FRANCHISE AGREEMENT
BETWEEN River Pools Franchising, LLC
AND
_____
(continued)

Signed:_____

Date:_____

APPROVED ON BEHALF OF
River Pools Franchising, LLC

By:_____

Title:_____

Date:_____

RIVER POOLS®

EXHIBIT "B"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2022

River Pools Franchising, LLC
Balance Sheet
As of September 30, 2022

	Sep 30, 22
ASSETS	
Current Assets	
Checking/Savings	
1000 · Bank - Nat'l Bk of Indpls	300,785.97
Total Checking/Savings	300,785.97
Accounts Receivable	
1100 · Accounts Receivable	349,117.68
Total Accounts Receivable	349,117.68
Other Current Assets	
1150 · Due from TP for Royalty Fees	493,669.92
Total Other Current Assets	493,669.92
Total Current Assets	1,143,573.57
Fixed Assets	
Purchase/River Fran Inc/Goodwil	750,000.00
Accum Amortz Goodwill	-66,666.67
Total Fixed Assets	683,333.33
TOTAL ASSETS	**1,826,906.90**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	13,971.71
Total Accounts Payable	13,971.71
Credit Cards	
2100 · Credit Cards	
2105 · Bank of Indianapolis-Jason-8628	1,575.50
Total 2100 · Credit Cards	1,575.50
Total Credit Cards	1,575.50
Other Current Liabilities	
Due to Alma - Mkting	18,060.43
2201 · Deferred Revenue	57,800.00
Total Other Current Liabilities	75,860.43
Total Current Liabilities	91,407.64

River Pools Franchising, LLC
Balance Sheet
As of September 30, 2022

	Sep 30, 22
Long Term Liabilities	
2202 · Deferred Revenue - noncurrent	912,850.01
Total Long Term Liabilities	912,850.01
Total Liabilities	1,004,257.65
Equity	
3040 · Member 1 Equity-Jason	-37,291.21
3060 · Member 2 Equity-Ed	337,708.80
3065 · Member 2 APIC-Ed	350,000.00
3080 · Member 3 Equity-Bill	337,708.80
3085 · Member 3 APIC-Bill	350,000.00
3200 · Retained Earnings	-403,017.94
Net Income	-112,459.20
Total Equity	822,649.25
TOTAL LIABILITIES & EQUITY	**1,826,906.90**

River Pools Franchising, LLC
Profit & Loss
January through September 2022

	Jan - Sep 22
Ordinary Income/Expense	
Income	
4200 · Fees - Technology	72,358.00
4500 · Fees - Royalties	493,669.92
Total Income	566,027.92
Gross Profit	566,027.92
Expense	
6600 · Payroll Expenses	347.57
6610 · Payroll 1099	361,500.03
5049 · Marketing - Wave Conference	9,229.24
5050 · Marketing - Pool Shows	14,351.60
5167 · Education/Training	1,500.00
5154 · Subscriptions	111,911.96
5051 · Insurance	12,447.15
5150 · License & Permits	110.00
5153 · Travel - Meals	2,818.82
5155 · Travel - Lodging	2,222.71
5158 · Travel - Parking/Transportation	20,382.74
5160 · Onboarding Exp	18,884.23
5100 · Office Expense	8,649.44
5161 · Bank Fees	205.51
5166 · Welfare/Recreation/Gifts	4,906.46
5200 · Professional Fees - Legal	87,817.00
5304 · Franchise Taxes - Other	3,092.46
5900 · Misc. Expense	18,110.20
Total Expense	678,487.12
Net Ordinary Income	-112,459.20
Net Income	**-112,459.20**

UPDATED AUDITED FINANCIAL STATEMENTS AS OF DEC. 31, 2021

River Pools Franchising, LLC

Financial Statements

December 31, 2021

River Pools Franchising, LLC

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Statement of Income	4
Statement of Changes in Members' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

handy

Roger L. Handy, PC
Certified Public Accountants
and Consultants

1064 Laskin Road, Suite 25C
Virginia Beach, VA 23451-6337
Telephone (757) 965-7501
Fax (757) 965-7503

Report of Independent Auditors

The Board of Managers
River Pools Franchising, LLC
Warsaw, Virginia

Opinion
We have audited the accompanying financial statements of River Pools Franchising, LLC (an Indiana Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in members' equity, and cash flows for the year 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 River Pools Franchising, LLC as of December 31, 2021, and the results of its operations and cash flows for the year 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 River Pools Franchising, LLC 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 River Pools Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

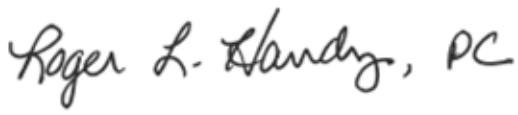
email: rlhandy@rlhandycpa.com web: www.handycpas.com

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 River Pools Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about River Pools Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

Emphasis of Matter
As discussed in Note 7 to the financial statements, there is a correction of an error in the previously issued financial statements. Our opinion is not modified with respect to that matter.

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.



June 28, 2022

River Pools Franchising, LLC

Balance Sheet
As of December 31,

See Report of Independent Auditors

	2021
Assets	
Current assets	
Cash and cash equivalents	$ 408,906
Accounts receivable, net of allowance $-0-	151,301
Contracts receivable, net of allowance $-0-	231,000
Prepaid expenses	15,212
Total current assets	806,419
Goodwill, net amortization of ($66,667)	683,333
Total assets	$ 1,489,752
Liabilities and Members' Equity	
Current liabilities	
Accounts payable	$ 15,934
Deferred revenue	57,800
Due to affiliates	18,060
Total current liabilities	91,794
Long-term liabilities	
Deferred revenue	462,850
Total long-term liabilities	462,850
Total liabilities	554,644
Members' equity	935,108
Total members' equity	935,108
Total liabilities and members' equity	$ 1,489,752

See notes to financial statements

River Pools Franchising, LLC

Statement of Income
Year Ended December 31,

See Report of Independent Auditors

	2021
Revenues	
Franchise fees	$ 34,900
Royalty fees	303,192
Technology fees	61,928
Vendor cash rebates	140,906
Total revenues	540,926
Franchise Expenses	
Marketing	4,253
Onboarding expenses	6,954
Territory development	14,400
Total franchise expenses	25,607
Operating Expenses	
Amortization	50,000
Bad Debt Expense	11,672
Bank fees	2,237
Contract labor	230,000
Dues and subscriptions	71,750
Education and training	19,813
Franchise gifts	12,459
Insurance	2,991
Meals and entertainment	1,949
Miscellaneous expenses	238
Office expenses	2,967
Payroll taxes	24,792
Professional fees	66,461
Salaries and wages	
Guaranteed payments to owner	250,000
Salaries and wages	150,040
Taxes and licenses	639
Travel	20,330
Total operating expenses	918,338
Net income (loss) from operations	$ (403,019)

See notes to financial statements

River Pools Franchising, LLC

Statement of Changes in Members' Equity
Year Ended December 31,

See Report of Independent Auditors

	01/01/2021 Members' Equity	01/01/2021 Ownership Interest	12/31/2021 Ownership Changes / Transfers	12/31/2021 Ownership Interest	2021 Members' Equity Additions	2021 Members' Equity Withdrawal	2021 Net Income (Loss)	12/31/2021 Members' Equity
Limited Partners								
Jason Hughes	$ (37,291)	33.33%	$ -	33.33%	$ -	$ -	$(134,339)	$(171,630)
William Khamis	337,709	33.33%	-	33.33%	350,000	-	(134,340)	$ 553,369
Edward Vondell	337,709	33.33%	-	33.33%	350,000	-	(134,340)	$ 553,369
	$ 638,127	100.00%	$ -	100.00%	$ 700,000	$ -	$(403,019)	$ 935,108

See notes to financial statements

River Pools Franchising, LLC

Statement of Cash Flows
Year Ended December 31,

See Report of Independent Auditors

	2021
Cash flows from operating activities	
Net income (loss)	$ (403,019)
Amortization expense	50,000
Change in assets and liabilities:	
Accounts receivable	(136,883)
Contracts receivable	(108,000)
Prepaid expenses	(6,879)
Due from other entity	170,480
Due from affiliates	42,585
Accounts payable	15,884
Deferred income	237,200
Due to affiliates	-
Net cash provided (used) by operating activities	(138,632)
Cash flows from investing activities	
Net cash provided (used) by investing activities	-
Cash flows from financing activities	
Due to owners transferred to members' equity additions	(200,000)
Members' equity additions	700,000
Net cash provided (used) by financing activities	500,000
Increase (decrease) in cash and cash equivalents	361,368
Cash and cash equivalents	
Beginning of year	47,538
End of year	$ 408,906
Supplemental disclosures of cash flows information	
Interest paid	$ -

See notes to financial statements

River Pools Franchising, LLC

Notes to Financial Statements
December 31, 2021

Note 1 - Summary of significant accounting policies

Nature of business - River Pools Franchising, LLC ("Company") is a swimming pool sales and installation services franchisor located in Warsaw, Virginia. The Company was established on July 10, 2020, under the laws of the State of Indiana, in the business of offering and selling franchise services.

Basis of presentation - The Company prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles.

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.

Income taxes - The Company, with consent of its members, is considered a Partnership for income tax purposes. The Company does not incur income taxes; instead, its earnings are included in the members' personal income tax returns and taxed depending on their personal tax situations. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements. Actual results could differ from those assumptions and estimates.

Accounts receivable - Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Accounts receivable from franchises are obligations due under normal trade terms requiring payment generally within 30 to 60 days from the invoiced date in accordance with each franchise contract. Interest is not charged on past due balances.

The Company grants credit to its franchises during the normal course of business without requiring collateral. The Company maintains an allowance for doubtful accounts and is based on the Company's estimate of probable historical write-off experience, specific identification, availability of lien rights and general economic conditions, among other factors. The Company expects to collect 100% of the accounts receivable.

Contracts receivable - Contracts receivable are stated at the amount that is agreed upon under the terms of the franchise agreement. Management allows franchisee to pay the franchise fee over a term of 12 months from the date of the signed contract agreement.

The Company expects to collect 100% of the contract receivable and the agreement has a personal guarantee from the owner of each franchise and a security agreement in the franchisee inventory.

Goodwill - On September 18, 2020, the Company acquired the franchising system and assets of its predecessor for $750,000, no appraisals were performed. The purchase price was considered goodwill and will amortize over 15 years using the straight-line method. If considered impaired, goodwill will be written down to fair value and a corresponding impairment loss recognized.

Revenue recognition - Revenue from sales of individual franchises is recognized over the term of the franchise agreement. The services provided by the Company include training personnel, providing proprietary operating manuals and other business services.

Continuing income from royalty fees are earned based on a percentage of the gross receipts of each individual franchise. Other franchise income related fees, such as technology fees, training fees, or advertising fees, are recognized at the time the service is provided.

Advertising - Advertising costs are expensed as incurred.

Subsequent events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 22, 2022 the date the financial statements were available to be issued, and June 28, 2022 the date the reissued financial statements were available to be issued.

Note 2 - Related party transactions

The Company is related to The Alma Group, LLC which is an approved supplier of products and services to the Company and the franchises. The Company has a due to affiliates of $18,060 related to marketing services provided by The Alma Group, LLC at December 31, 2021.

The Franchisees agree that all swimming pool shells sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC at then-current prices and subject to the then-current terms and conditions.

The Franchisees agree that all swimming pool products sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC.

Thursday Pools, LLC also initially collects the Royalty fee from the franchisee. There is no amount due from affiliate at December 31, 2021.

The Company shares the office facilities with entities of common ownership under an at will informal agreement. Rent expense was $-0- in 2021. The Company also utilizes equipment, employees and resources of related entities at no charge.

Due From RPF INC, the predecessor company, of $170,480, was collected during the year. This represented receivables and other collections that occurred after the purchase date.

Due to owners beginning balance of $200,000 was transferred to members' equity additions during the year, as well as, an additional $500,000 in members' equity additions were made during the year.

Note 3 - Concentration of credit risks

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The Company maintains its cash balances in one financial institution located in Indianapolis, Indiana. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to $250,000. As of December 31, 2021 the Company's collected balances in the bank did not exceed FDIC.

Note 4 - Franchising

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing royalty fees of 12% of sales. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Initial franchise fees per franchise were $36,000 through December 31, 2020. Initial franchise fees per franchise will be $50,000 as of June 24, 2021. Initial franchise fees are generally recognized over the term of the franchise agreement as services are performed. The Company sold 7 franchise licenses during 2021, see Note 7.

Note 5 - Deferred revenue

Deferred revenue represents initial franchise sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note 1. The amounts deferred as of December 31, 2021 was $520,650. During 2021, the Company recognized $34,900 of franchise fee revenues previously deferred.

Note 6 - COVID-19

As of the date through which the Company has evaluated past and subsequent events, the Company is evaluating the recent introduction of the COVID-19 virus and its impact on the Company's ability to sell franchises, collect franchise fees, and provide services. Management has concluded that while it is reasonably possible that the virus could have an adverse effect on the Company's future sales, collections, and services provided, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 7 - Correction of an error

The financial statements include adjustments for (1) vendor cash rebates and (2) a franchise agreement that were not previously disclosed. As a result, accounts receivable increased $140,906, contracts receivable increased $50,000, deferred revenue increased $49,167, franchise fees revenue increased 833, and vendor cash rebates revenue increased $140,906. Members' equity increased $141,739 as a result of these changes.

INITIAL AUDITED FINANCIAL STATEMENTS AS OF DEC. 31, 2021

River Pools Franchising, LLC

Financial Statements

December 31, 2021

River Pools Franchising, LLC

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Certified Public Accountants
and Consultants

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Fax (757) 965-7503

Report of Independent Auditors

The Board of Managers
River Pools Franchising, LLC
Warsaw, Virginia

Opinion
We have audited the accompanying financial statements of River Pools Franchising, LLC (an Indiana Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in members' equity, and cash flows for the year 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 River Pools Franchising, LLC as of December 31, 2021, and the results of its operations and cash flows for the year 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 River Pools Franchising, LLC 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 River Pools Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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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 River Pools Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about River Pools Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Roger L. Handy, PC

April 22, 2022

River Pools Franchising, LLC

Balance Sheet
As of December 31,

See Report of Independent Auditors

	2021
Assets	
Current assets	
Cash and cash equivalents	$ 408,906
Accounts receivable, net of allowance $-0-	10,395
Contracts receivable, net of allowance $-0-	181,000
Prepaid expenses	15,212
Total current assets	615,513
Goodwill, net amortization of ($66,667)	683,333
Total assets	$ 1,298,846
Liabilities and Members' Equity	
Current liabilities	
Accounts payable	$ 15,934
Deferred revenue	52,800
Due to affiliates	18,060
Total current liabilities	86,794
Long-term liabilities	
Deferred revenue	418,683
Total long-term liabilities	418,683
Total liabilities	505,477
Members' equity	793,369
Total members' equity	793,369
Total liabilities and members' equity	$ 1,298,846

See notes to financial statements

River Pools Franchising, LLC

Statement of Income
Year Ended December 31,

See Report of Independent Auditors

	2021
Revenues	
Franchise fees	$ 34,067
Royalty fees	303,192
Technology fees	61,928
Total revenues	399,187
Franchise Expenses	
Marketing	4,253
Onboarding expenses	6,954
Territory development	14,400
Total franchise expenses	25,607
Operating Expenses	
Amortization	50,000
Bad Debt Expense	11,672
Bank fees	2,237
Contract labor	230,000
Dues and subscriptions	71,750
Education and training	19,813
Franchise gifts	12,459
Insurance	2,991
Meals and entertainment	1,949
Miscellaneous expenses	238
Office expenses	2,967
Payroll taxes	24,792
Professional fees	66,461
Salaries and wages	
Guaranteed payments to owner	250,000
Salaries and wages	150,040
Taxes and licenses	639
Travel	20,330
Total operating expenses	918,338
Net income (loss) from operations	$ (544,758)

See notes to financial statements

River Pools Franchising, LLC

Statement of Changes in Members' Equity
Year Ended December 31,

See Report of Independent Auditors

	01/01/2021 Members' Equity	01/01/2021 Ownership Interest	12/31/2021 Ownership Changes / Transfers	12/31/2021 Ownership Interest	2021 Members' Equity Additions	2021 Members' Equity Withdrawal	2021 Net Income (Loss)	12/31/2021 Members' Equity
Limited Partners								
Jason Hughes	$ (37,291)	33.33%	$ -	33.33%	$ -	$ -	$(181,586)	$(218,877)
William Khamis	337,709	33.33%	-	33.33%	350,000	-	(181,586)	$ 506,123
Edward Vondell	337,709	33.33%	-	33.33%	350,000	-	(181,586)	$ 506,123
	$ 638,127	100.00%	$ -	100.00%	$ 700,000	$ -	$(544,758)	$ 793,369

See notes to financial statements

River Pools Franchising, LLC

Statement of Cash Flows
Year Ended December 31,

See Report of Independent Auditors

	2021
Cash flows from operating activities	
Net income (loss)	$ (544,758)
Amortization expense	50,000
Change in assets and liabilities:	
Accounts receivable	4,023
Contracts receivable	(58,000)
Prepaid expenses	(6,879)
Due from other entity	170,480
Due from affiliates	42,585
Accounts payable	15,884
Deferred income	188,033
Due to affiliates	-
Net cash provided by operating activities	(138,632)
Cash flows from investing activities	
Net cash provided by (used in) investing activities	-
Cash flows from financing activities	
Due to owners transferred to members' equity additions	(200,000)
Members' equity additions	700,000
Net cash (used in) financing activities	500,000
Increase in cash and cash equivalents	361,368
Cash and cash equivalents	
Beginning of year	47,538
End of year	$ 408,906
Supplemental disclosures of cash flows information	
Interest paid	$ -

See notes to financial statements

River Pools Franchising, LLC

Notes to Financial Statements
December 31, 2021

Note 1 - Summary of significant accounting policies

Nature of business - River Pools Franchising, LLC ("Company") is a swimming pool sales and installation services franchisor located in Warsaw, Virginia. The Company was established on July 10, 2020, under the laws of the State of Indiana, in the business of offering and selling franchise services.

Basis of presentation - The Company prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles.

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.

Income taxes - The Company, with consent of its members, is considered a Partnership for income tax purposes. The Company does not incur income taxes; instead, its earnings are included in the members' personal income tax returns and taxed depending on their personal tax situations. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements. Actual results could differ from those assumptions and estimates.

Accounts receivable - Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Accounts receivable are obligations due under normal trade terms requiring payment generally within 30 to 60 days from the invoiced date in accordance with each franchise contract. Interest is not charged on past due balances.

The Company grants credit to its franchises during the normal course of business without requiring collateral. The Company maintains an allowance for doubtful accounts and is based on the Company's estimate of probable historical write-off experience, specific identification, availability of lien rights and general economic conditions, among other factors. The Company expects to collect 100% of the accounts receivable.

Contracts receivable - Contracts receivable are stated at the amount that is agreed upon under the terms of the franchise agreement. Management allows franchisee to pay the franchise fee over a term of 12 months from the date of the signed contract agreement.

The Company expects to collect 100% of the contract receivable and the agreement has a personal guarantee from the owner of each franchise and a security agreement in the franchisee inventory.

Goodwill - On September 18, 2020, the Company acquired the franchising system and assets of its predecessor for $750,000, no appraisals were performed. The purchase price was considered goodwill and will amortize over 15 years using the straight-line method. If considered impaired, goodwill will be written down to fair value and a corresponding impairment loss recognized.

Revenue recognition - Revenue from sales of individual franchises is recognized over the term of the franchise agreement. The services provided by the Company include training personnel, providing proprietary operating manuals and other business services.

Continuing income from royalty fees are earned based on a percentage of the gross receipts of each individual franchise. Other franchise income related fees, such as technology fees, training fees, or advertising fees, are recognized at the time the service is provided.

Advertising - Advertising costs are expensed as incurred.

Subsequent events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 22, 2022 the date the financial statements were available to be issued.

Note 2 - Related party transactions

The Company is related to The Alma Group, LLC which is an approved supplier of products and services to the Company and the franchises. The Company has a due to affiliates of $18,060 related to marketing services provided by The Alma Group, LLC at December 31, 2021.

The Franchisees agree that all swimming pool shells sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC at then-current prices and subject to the then-current terms and conditions.

The Franchisees agree that all swimming pool products sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC.

Thursday Pools, LLC also initially collects the Royalty fee from the franchisee. There is no amount due from affiliate at December 31, 2021.

The Company shares the office facilities with entities of common ownership under an at will informal agreement. Rent expense was $-0- in 2021. The Company also utilizes equipment, employees and resources of related entities at no charge.

Due From RPF INC, the predecessor company, of $170,480, was collected during the year. This represented receivables and other collections that occurred after the purchase date.

Due to owners beginning balance of $200,000 was transferred to members' equity additions during the year, as well as, an additional $500,000 in members' equity additions were made during the year.

Note 3 - Concentration of credit risks

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The Company maintains its cash balances in one financial institution located in Indianapolis, Indiana. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to $250,000. As of December 31, 2021 the Company's collected balances in the bank did not exceed FDIC.

Note 4 - Franchising

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing royalty fees of 12% of sales. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Initial franchise fees per franchise were $36,000 through December 31, 2020. Initial franchise fees per franchise will be $50,000 as of June 24, 2021. Initial franchise fees are generally recognized over the term of the franchise agreement as services are performed. The Company sold 6 franchise licenses during 2021.

Note 5 - Deferred revenue

Deferred revenue represents initial franchise sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note 1. The amounts deferred as of December 31, 2021 was $471,483. During 2021, the Company recognized $34,067 of franchise fee revenues previously deferred.

Note 6 - COVID-19

As of the date through which the Company has evaluated past and subsequent events, the Company is evaluating the recent introduction of the COVID-19 virus and its impact on the Company's ability to sell franchises, collect franchise fees, and provide services. Management has concluded that while it is reasonably possible that the virus could have an adverse effect on the Company's future sales, collections, and services provided, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

River Pools Franchising, LLC

Financial Statements

December 31, 2020

River Pools Franchising, LLC

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handy

Roger L. Handy, PC
Certified Public Accountants
and Consultants

1064 Laskin Road, Suite 25C
Virginia Beach, VA 23451-6337
Telephone (757) 965-7501
Fax (757) 965-7503

Report of Independent Auditors

The Board of Managers
River Pools Franchising, LLC
Warsaw, Virginia

We have audited the accompanying financial statements of River Pools Franchising, LLC (an Indiana Limited Liability Company), which comprise the balance sheet as of December 31, 2020, and the related statement of income, changes in members' equity, and cash flows for 6 months ended December 31, 2020, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Pools Franchising, LLC as of December 31, 2020, and the results of its operations and cash flows for the 6 months ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Roger L. Handy, PC

September 22, 2021

email: rlhandy@rlhandycpa.com web: www.handycpas.com

River Pools Franchising, LLC

Balance Sheet
As of December 31,

See Report of Independent Auditors

	2020
Assets	
Current assets	
Cash and cash equivalents	$ 47,538
Accounts receivable, net of allowance $-0-	14,418
Contracts receivable, net of allowance $-0-	123,000
Prepaid expenses	8,333
Due From RPF INC	170,480
Due from affiliates	42,585
Total current assets	406,354
Goodwill, net amortization of ($16,667)	733,333
Total assets	$ 1,139,687
Liabilities and Members' Equity	
Current liabilities	
Accounts payable	$ 50
Deferred revenue	30,600
Due to affiliates	18,060
Due to owners	200,000
Total current liabilities	248,710
Long-term liabilities	
Deferred revenue	252,850
Total long-term liabilities	252,850
Total liabilities	501,560
Members' equity	638,127
Total members' equity	638,127
Total liabilities and members' equity	$ 1,139,687

River Pools Franchising, LLC

Statement of Income
6 Months Ended December 31,

See Report of Independent Auditors

	2020
Revenues	
Franchise fees	$ 6,750
Royalty fees	65,367
Technology fees	10,050
Total revenues	82,167
Franchise Expenses	
Marketing	18,060
Onboarding Expenses	1,569
Tech Fees	6,023
Total franchise expenses	25,652
Operating Expenses	
Amortization	16,667
Bank fees	297
Dues and subscriptions	2,387
Education and training	320
Franchise gifts	993
Meals and entertainment	428
Miscellaneous expenses	831
Office expenses	76
Payroll taxes	11,409
Professional fees	350
Salaries and wages	
Guaranteed payments to owner	62,500
Salaries and wages	70,000
Travel	2,129
Total operating expenses	168,387
Net income (loss) from operations	$ (111,872)

River Pools Franchising, LLC

Statement of Changes in Members' Equity
6 Months Ended December 31,

See Report of Independent Auditors

	07/10/2020 Partners' Capital	07/10/2020 Ownership Interest	12/31/2020 Ownership Changes / Transfers	12/31/2020 Ownership Interest	2020 Partners' Capital Withdrawal	2020 Net Income (Loss)	12/31/2020 Partners' Capital
Limited Partners							
Jason Hughes	$ -	0.00%	$ -	33.33%	$ -	$ (37,291)	$ (37,291)
William Khamis	-	0.00%	375,000	33.33%	-	(37,291)	337,709
Edward Vondell	-	0.00%	375,000	33.33%	-	(37,291)	337,709
	$ -	0.00%	$ 750,000	100.00%	$ -	$ (111,872)	$ 638,127

River Pools Franchising, LLC

Statement of Cash Flows
6 Months Ended December 31,

See Report of Independent Auditors

	2020
Cash flows from operating activities	
Net income (loss)	$ (111,872)
Amortization expense	16,667
Change in assets and liabilities:	
Accounts receivable	(14,418)
Contracts receivable	(123,000)
Prepaid expenses	(8,333)
Due from other entity	(170,480)
Due from affiliates	(42,585)
Accounts payable	50
Deferred income	283,450
Due to affiliates	18,060
Other	(1)
Net cash provided by operating activities	(152,462)
Cash flows from investing activities	
Net cash provided by (used in) investing activities	-
Cash flows from financing activities	
Proceeds from due to owners	200,000
Net cash (used in) financing activities	200,000
Increase in cash and cash equivalents	47,538
Cash and cash equivalents	
Beginning of year	-
End of year	$ 47,538
Supplemental disclosures of cash flows information	
Interest paid	$ -
Non-cash investing and financing activities	
Noncash contributed Goodwill	$ 750,000

River Pools Franchising, LLC

Notes to Financial Statements
As of December 31, 2020

Note 1 - Summary of significant accounting policies

Nature of business - River Pools Franchising, LLC ("Company") is a swimming pool sales and installation services franchisor located in Warsaw, Virginia. The Company was established on July 10, 2020, under the laws of the State of Indiana, in the business of offering and selling franchise services. The Company acquired the franchising system and assets of its predecessor, River Pools Franchising, Inc. (RPF INC). The Company's affiliate Thursday Pools, LLC paid $750,000 on September 18, 2021 to acquire these assets. The Company also received Accounts Receivable of $137,418, Deferred Revenue of $218,200, and a net amount, "Due From RPF INC", of $80,782.

Basis of presentation - The Company prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles.

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.

Income taxes - The Company, with consent of its members, is considered a Partnership for income tax purposes. The Company does not incur income taxes; instead, its earnings are included in the members' personal income tax returns and taxed depending on their personal tax situations. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements. Actual results could differ from those assumptions and estimates.

Accounts receivable - Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Accounts receivable are obligations due under normal trade terms requiring payment generally within 30 to 60 days from the invoiced date in accordance with each franchise contract. Interest is not charged on past due balances.

The Company grants credit to its franchises during the normal course of business without requiring collateral. The Company maintains an allowance for doubtful accounts and is based on the Company's estimate of probable historical write-off experience, specific identification, availability of lien rights and general economic conditions, among other factors. The Company expects to collect 100% of the accounts receivable.

Contracts receivable - Contracts receivable are stated at the amount that is agreed upon under the terms of the franchise agreement. Management allows franchisee to pay the franchise fee over a term of 12 months from the date of the signed contract agreement.

The Company expects to collect 100% of the contract receivable and the agreement has a personal guarantee from the owner of each franchise and a security agreement in the franchisee inventory.

Goodwill - On September 18, 2020, the Company acquired the franchising system and assets of its predecessor for $750,000, no appraisals were performed. The purchase price was considered goodwill and will amortize over 15 years using the straight-line method. If considered impaired, goodwill will be written down to fair value and a corresponding impairment loss recognized.

Revenue recognition - Revenue from sales of individual franchises is recognized over the term of the franchise agreement. The services provided by the Company include training personnel, providing proprietary operating manuals and other business services.

Continuing income from royalty fees are earned based on a percentage of the gross receipts of each individual franchise. Other franchise income related fees, such as technology fees, training fees, or advertising fees, are recognized at the time the service is provided.

Advertising - Advertising costs are expensed as incurred.

River Pools Franchising, LLC

Notes to Financial Statements
As of December 31, 2020

Subsequent events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through September 22, 2021 the date the financial statements were available to be issued.

Note 2 - Related party transactions

The Company is related to The Alma Group, LLC which is an approved supplier of products and services to the Company and the franchises. The Company has a due to affiliates of $18,060 related to marketing services provided by The Alma Group, LLC at December 31, 2020.

The Franchisees agree that all swimming pool shells sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC at then-current prices and subject to the then-current terms and conditions.

The Franchisees agree that all swimming pool products sold, offered for sale, or used by the River Pools Franchised Business must be purchased from the Company's affiliate Thursday Pools, LLC.

Thursday Pools, LLC also initially collects the Royalty fee from the franchisee. There is a due from affiliates of $42,585 at December 31, 2020.

The Company shares the office facilities with entities of common ownership under an at will informal agreement. Rent expense was $-0- in 2020. The Company also utilizes equipment, employees and resources of related entities at no charge.

Due From RPF INC of $170,480 is due from the predecessor company, River Pools Franchising, Inc. This represents receivables and other collections that occurred after the purchase date.

Due to owners of $200,000 are amounts owed to the owners. There are no formal repayment terms and the amount is considered due at will.

Note 3 - Concentration of credit risks

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The Company maintains its cash balances in one financial institution located in Virginia. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to $250,000. As of December 31, 2020 the Company's collected balances in the bank did not exceed FDIC.

Note 4 - Franchising

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing royalty fees of 12% of sales. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Initial franchise fees per franchise was $36,000 through December 31, 2020. Initial franchise fees per franchise will be $50,000 as of June 24, 2021. Initial franchise fees are generally recognized over the term of the franchise agreement as services are performed. The predecessor sold 3 franchise licenses during 2020 prior to acquisition. The Company sold 2 franchise licenses during 2020.

Note 5 - Deferred revenue

Deferred revenue represents initial franchise sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note 1. The amounts deferred as of December 31, 2020 was $283,450. During 2020, the Company recognized $6,750 of franchise fee revenues previously deferred.

River Pools Franchising, LLC

Notes to Financial Statements
As of December 31, 2020

Note 6 - COVID-19

As of the date through which the Company has evaluated past and subsequent events, the Company is evaluating the recent introduction of the COVID-19 virus and its impact on the Company's ability to sell franchises, collect franchise fees, and provide services. Management has concluded that while it is reasonably possible that the virus could have an adverse effect on the Company's future sales, collections, and services provided, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

RIVER POOLS®

EXHIBIT "C"
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Business Oversight
320 West 4th Street
Los Angeles, CA 90013
866-275-2677

Connecticut

Connecticut Dept. of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
860-240-8230

Florida

Florida Department of Agriculture & Consumer Services
Div. of Consumer Services
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
850-410-3807

Hawaii

Business Registration Division
Securities Compliance
Dept. of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
808-586-2744

Illinois

Illinois Office of the Attorney General
500 South Second Street
Springfield, IL 62706
217-782-1090

Indiana

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street,
Indianapolis, Indiana 46204
317-232-6681

Kentucky

Kentucky Attorney General
700 Capitol Avenue
Frankfort, Kentucky 40601-3449
502-696-5300

Maine

Bureau of Banking
Securities Division
121 State House Station
Augusta, Maine 04333
207-624-8551

Maryland

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202
410-576-6360

Michigan

Michigan Dept. of Attorney General
Consumer Protection Div.
Antitrust & Franchise Unit
670 Law Building
Lansing, Michigan 48913
517-373-7117

Minnesota

Minnesota Dept. of Commerce
85 7th Place East, Suite 500
Saint Paul, Minnesota 55101
651-539-1600

Nebraska

Nebraska Department of Banking and Finance
1200 N Street – Suite 311
Post Office Box 95006
Lincoln, Nebraska 68509
402-471-3445

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8236

North Carolina
Secretary of State
Legislative Office Building
2 South Salisbury Street
Raleigh, NC 27601-2903
919-807-2000

North Dakota

North Dakota Office of Securities Commission
600 East Boulevard
Bismarck, North Dakota 58505
701-328-2910

LIST OF STATE AGENCIES

Rhode Island

Rhode Island Department of
Business Regulation
Securities Division
1511 Pontiac Avenue
John Pastore Complex-69-1
Cranston, RI 02920-4407
(401) 462-9527

South Carolina

Secretary of State
1205 Pendleton Street
Suite 525
Columbia, SC 29201
803-734-1728

South Dakota

South Dakota Division of
Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
605-773-4823

Texas

Secretary of State
Statutory Document Section
1719 Brazos
Austin, Texas 78701
512-475-1769

Utah

Department of Commerce
Division of Consumer
Protection
160 East 300 South
Post Office Box 45804
Salt Lake City, Utah
84145-0804
801-530-6601

Virginia

State Corporation
Commission
Division of Securities and
Retail Franchising
1300 East Main Street
9th Floor
Richmond, Virginia 23219
804-371-9051

Washington

Washington Department of
Financial Institutions
Securities Division
PO Box 9033
Olympia, Washington 98507-
9033
360-902-8760

Wisconsin

Wisconsin Department
Financial Institutions
201 West Washington Ave.
Post Office Box 1768
Madison, Wisconsin 53703
608-261-9555

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

California

California Commissioner of Business Oversight
320 West 4th Street
Los Angeles, CA 90013
213-576-7500

Connecticut

Commissioner of Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
860-240-8230

Florida

Florida Department of Agriculture & Consumer Services
Division of Consumer Services
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
850-410-3807

Hawaii

Commissioner of Securities
Dept. of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
808-586-2727

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
217-782-1090

Indiana

Indiana Secretary of State
Room E-111
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204
317-232-6531

Kentucky

Kentucky Attorney General
700 Capitol Avenue
Frankfort, Kentucky 40601
502-696-5300

Maine

Bureau of Banking
Securities Division
121 State House Station
Augusta, Maine 04333
207-624-8551

Maryland

Maryland Securities Commissioner
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
410-576-6360

Michigan

Michigan Dept. of Commerce, Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
517-334-6212

Minnesota

Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
Saint Paul, Minnesota 55101
651-539-1600

Nebraska

Nebraska Department of Banking and Finance
1200 N Street – Suite 311
Post Office Box 95006
Lincoln, Nebraska 68509
402-471-3445

New York

Secretary of State of New York
99 Washington Avenue
Albany, New York 12231
518-474-4750

North Carolina

Secretary of State
Legislative Office Building
2 South Salisbury Street
Raleigh, NC 27601-2903
919-807-2000

North Dakota

North Dakota Office of Securities Commission
600 East Boulevard
Bismarck, ND 58505
701-328-2910

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Rhode Island

Director of Rhode Island
Department of Business
Regulation
1511 Pontiac Avenue
John Pastore
Complex-69-1
Cranston, RI 02920-4407
(401) 462-9527

South Carolina

Secretary of State
1205 Pendleton Street
Suite 525
Columbia, SC 29201
803-734-1728

South Dakota

Director of South Dakota
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
605-773-4823

Texas

Secretary of State
Statutory Document Section
1719 Brazos
Austin, Texas 78701
512-475-1769

Utah

Department of Commerce
Division of Consumer
Protection
160 East 300 South
Post Office Box 45804
Salt Lake City, Utah
84145-0804
801-530-6601

Virginia

Clerk, State Corporation
Commission
1300 East Main Street
1st Floor
Richmond, Virginia
23219
804-371-9672

Washington

Director, Department of
Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501
360-902-8760

Wisconsin

Wisconsin Department
Financial Institutions
201 West Washington Ave.
Post Office Box 1768
Madison, Wisconsin 53703
608-261-9555

RIVER POOLS®

EXHIBIT "D"
TO THE FRANCHISE DISCLOSURE DOCUMENT

COPY OF CURRENT FORM OF GENERAL RELEASE

RELEASE OF CLAIMS

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, River Pools Franchising, LLC ("RIVER POOLS") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. RIVER POOLS and Franchisee entered into a RIVER POOLS Franchise Agreement dated _____, ____.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, RIVER POOLS and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration**. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by RIVER POOLS.** In consideration of, and only upon full payment of $_____ to RIVER POOLS, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, RIVER POOLS, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge RIVER POOLS and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** RIVER POOLS and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with

an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the State of Indiana.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

River Pools Franchising, LLC

By: _____
Name Printed: _____
Title: _____
Dated: _____

[FRANCHISEE BUSINESS ENTITY NAME]

By: _____
Name Printed: _____
Title: _____
Dated:_____

RIVER POOLS®

EXHIBIT "E"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCING DOCUMENTS

PROMISSORY NOTE

$_____ APR: 10% _____, 20___

1. FOR VALUE RECEIVED:

	Maker	Maker
Name:	_____	_____
Address:	_____	_____
	_____	_____

(each "Maker") promises to pay to the order of River Pools Franchising, LLC, an Indiana Limited Liability Company having its principal place of business at 840 Commerce Pkwy, Fortville, IN 46040 (the "Payee), the principal sum of $ _____ Dollars on ____/____/____ and ____ successive monthly installments of $ _____ Dollars on _____ day of each month thereafter. The payment schedule attached hereto as Schedule "1" shall control.

2. Each installment, when paid, shall be credited first on interest then due and the remainder on principal, and interest shall thereupon cease upon the principal so credited.

3. The acceptance of the Payee, after any default hereunder, shall not operate to extend the time of payment of any amounts then remaining unpaid hereunder or constitute a waiver of any of the other rights of the Payee hereunder.

4. This note and all other obligations, direct or contingent, of the Maker or endorser hereof, to Payee shall become due and payable immediately, at the option of the holder of this note, without demand or notice, upon the happening to or by the Maker of any of the following events:

   4.1. Calling of a meeting of creditors;

   4.2. Voluntary or involuntary application for or appointment of a receiver, issuance of a warrant of attachment, or of a notice of tax lien entry of judgment;

   4.3. Failure to pay, withhold, collect or remit any tax or tax deficiency when assessed or due;

   4.4. Death or dissolution;

   4.5. Making a bulk sale or giving notice of intent to do so;

   4.6. Suspension, liquidation or termination of any RIVER POOLS business owned wholly or partially by the Maker;

   4.7. Transfer or attempted transfer of the RIVER POOLS business purchased in connection with the execution of this note;

   4.8. Failure, after demand, to furnish financial information or to permit inspection of any books or records, default in payment or performance of this note or any contractual or other obligation to, or acquired in any manner by the Payee; or

   4.9. If at any time, in the sole opinion of the Payee, financial responsibility shall become impaired or unsatisfactory to the Payee.

5. If the Maker defaults on any payment of this note, the Maker agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

6. Whenever any one of the installments, the maturity of which has not been accelerated, is not paid on the date agreed to above, the undersigned individuals, jointly and severally, promise to pay to the holder hereof a penalty of 18% per annum on any installment that has become due and remains unpaid for a period in excess of five (5) calendar days. The Payee may assess penalties at its discretion.

7. The undersigned shall all be deemed a Maker and will be jointly, severally and individually liable as a Maker. The undersigned individuals personally guarantee payment of this Note.

8. The Maker, in any litigation arising out of or relating to this note in which a holder of the note is an adverse party, waives trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

9. This note is secured by a security interest in the Franchise Agreement between Maker and Payee.

10. This note shall be construed in accordance with Indiana law.

MAKER: _____ _____
Signature Print Name

MAKER: _____ _____
Signature Print Name

SCHEDULE "1" TO PROMISSORY NOTE

Amount of $_____ to be paid as follows:

Down payment: $_____ Dollars

Payment schedule:

$_____ Dollars at 10% per annum
12 payments of $_____ Dollars

Payment is due on the 1st day of each calendar month starting 3 months from the date initial training is completed.

MAKER: _____ _____
Signature Print Name

MAKER: _____ _____
Signature Print Name

SECURITY AGREEMENT

1. _____ _____
Name Number and Street

_____
City or Town County State Zip Code

(the "Debtor") does hereby grant, for valuable consideration, receipt of which is hereby acknowledged, unto River Pools Franchising, LLC, an Indiana limited liability company having its principal place of business at 840 Commerce Pkwy, Fortville, IN 46040 (the "Secured Party") a security interest in the inventory described in attached Schedule "A" and any and all accessions thereto (the "Collateral").

2. This security interest is granted as security for payment to the Secured Party, at its principal place of business, of indebtedness of _____ ($_____) Dollars as provided in the note or notes of even date herewith and also any and all liabilities now existing or hereafter arising, including all costs and expenses incurred in the collection of the indebtedness and all future advances made by the Secured Party for taxes levied, insurance and repairs to or maintenance of the Collateral.

3. The Debtor warrants and agrees that:

A. The Debtor will use the Collateral solely for business purposes. The Debtor will give the Secured Party access to the Collateral at all times.

B. The Debtor will use the Collateral in accordance with the law, and will not permit removal of any of the Collateral from the State of _____;

C. Except for the security interest granted herein, the Debtor is the owner of the Collateral free from any prior lien, security interest or encumbrance and the Debtor will defend the Collateral against all claims and demands of any and all persons at any time claiming the same or any interest therein;

D. The Debtor will not sell, exchange, lease or otherwise dispose of any interest in the Collateral without the written consent of the Secured Party and will not permit lien, security interest, or encumbrance to attach to the Collateral;

E. No financing statement covering the Collateral is on file in any public office and at the request of the Secured Party, the Debtor will join with the Secured Party in executing one or more financial statements pursuant to the Uniform Commercial Code of the State wherein the Collateral will be possessed by the Debtor in form satisfactory to the Secured Party and the Debtor will pay the cost of filing in all public offices wherever filing is deemed necessary by the Secured Party;

F. The Debtor will maintain the Collateral in good condition and repair; will maintain insurance on the Collateral against fire, theft, and such other hazards and in such form and amount as the Secured Party may require and for the benefit of the Debtor and the Secured Party as their interest shall appear; and will pay and discharge all taxes imposed on the Collateral. The Debtor assigns to the Secured Party and authorizes the Secured Party to indorse any draft of the proceeds. Such policy or policies shall be delivered to the Secured Party and shall be with a company or companies satisfactory to the Secured Party; and

G. At its option, the Secured Party may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for insurance on the Collateral, and pay for the maintenance and preservation of the Collateral should the Debtor fail to do so. The Debtor agrees to reimburse the Secured Party on demand for any payments so made and until such reimbursement, the amount so paid by the Secured Party, shall be added to the principal amount of the indebtedness.

4. Upon happening of any of the following events or conditions:

A. Default in the payment or performance of any of the obligations or of any covenant or liability contained or referred to in any note or notes evidencing any of the obligations secured hereunder, or in any other written agreements with the Secured Party;

B. Loss, theft, destruction, sale or encumbrance of or to the Collateral;

C. Death, dissolution, termination of existence, insolvency, business failure of the Debtor;

D. Appointment of a receiver of any part of the property of, assignment for the benefit of creditors by or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the Debtor;

E. Termination, transfer or an attempt to transfer any of the rights of the Debtor under the RIVER POOLS Franchise Agreement between the Secured Party and the Debtor, dated _____, 20_____;

F. Any levy or seizure against the Debtor or any of the Collateral; or

G. If the Secured Party deems itself insecure, the Secured Party may, at its election, declare the entire amount of the indebtedness then outstanding due and payable at once and the Secured Party shall have all rights and remedies given by law including the right to enter any premises of the Debtor, without legal process and take possession of and remove the Collateral.

5. The Debtor agrees upon the request of the Secured Party, to assemble the Collateral, and to make it available at the place designated by the Secured Party.

6. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is mailed to the address of the Debtor shown in this agreement at least ten (10) calendar days before the time of such disposition. Sales for cash or on credit to a RIVER POOLS franchisee, or at a public or private auction are all commercially reasonable means of disposition.

7. Discharge of any Debtor except for full payment, or any extension, forbearance, change of rate of interest, or acceptance, release or substitution of collateral or any impairment or suspension of the Secured Party's rights against a Debtor, or any transfer of the Debtor's interest to another, shall not affect the right of any other Debtor.

8. No waiver by the Secured Party shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a subsequent occasion.

9. All rights of the Secured Party hereunder shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Debtor.

10. If there is more than one Debtor, their obligations hereunder shall be joint and several.

11. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof.

[THE SPACE BELOW IS LEFT BLANK BY INTENTION]

Debtor:

Executed this _____ day of _____, 20_____, individually and as an officer of _____ a [STATE],[TYPE OF ENTITY].

_____ _____
Individually Corporate Officer

_____ _____
Individually Corporate Officer

_____ _____
Individually Corporate Officer

_____ _____
Individually Corporate Officer

Secured Party:

Executed and accepted as of the _____ day of _____, 20_____, in _____ .

By: _____

its _____
duly authorized

SCHEDULE "1" TO SECURITY AGREEMENT

Description of Collateral

RIVER POOLS®

EXHIBIT "F"
TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO **RIVER POOLS®**
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF MARYLAND

The following applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

Item 17.

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

2. Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.)

3. Any general release required in the Franchise Agreement as a condition of renewal, sale, and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO
RIVER POOLS®
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

This Addendum pertains to residents of the State of Maryland and franchises to be located in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the respective Agreement is amended as follows:

1. Article 25.14 of the Franchise Agreement is amended to provide that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Article 25.17 of the Franchise Agreement is amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the date of the Franchise Agreement.

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

4. Any general release required as a condition of renewal, sale, and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

River Pools Franchising, LLC

By: _____
Name Printed: _____
Title: _____
Dated: _____

[FRANCHISEE BUSINESS ENTITY]

By: _____
Name Printed: _____
Title: _____
Dated: _____

ADDENDUM TO **RIVER POOLS®**
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF MICHIGAN

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§ 445.1501-445.1546 applies, the terms of this Addendum apply.

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn: Franchise, 670 Law Building, Lansing, MI 48913, telephone: (517) 373-7117.

ADDENDUM TO **RIVER POOLS®**
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF MINNESOTA

To the extent Minnesota Franchise Act, Minn. Stat. §§ 80C.01-80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

ADDENDUM TO **RIVER POOLS®**
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF NEW YORK

To the extent the New York General Business Law, Article 33, §§ 680-695 applies, the terms of this Addendum apply.

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT THE ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval or transfer"**:

   However, to the extent required by applicable law, all rights you enjoy and causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of Law"**:

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO **RIVER POOLS®**
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF WISCONSIN

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01-553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

RIVER POOLS®

EXHIBIT "G"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE LOCATIONS

FRANCHISE LOCATIONS

Colorado
River Pools Boulder
2455 Marshall Ct.
Erie, CO 80516
(720) 272-6342

Georgia
River Pools Savannah
31 Brampton Rd.
Savannah, GA 31408
(912) 228-8699

Idaho
River Pools Boise
1610 N. Orchard St.
Boise, ID 83706
(208) 891-1462

Indiana
River Pools Indianapolis NE
5108 Topp Dr., Ste. 2
Indianapolis, IN 46218
(317) 590-9099

Iowa
River Pools Des Moines
25701 US 6
Adel, IA 50003
(515) 778-9201

Kansas
River Pools Kansas City
11610 W. 164th Court
Overland, KS 66221
(913) 645-7010

Kentucky
River Pools Louisville
10108 IvyBridge Circle
Louisville, KY 40241
(502) 654-5962

Louisiana
River Pools New Orleans East

5 S. Lake Ct.
Violet, LA 70092
(757) 636-7421

Missouri
River Pools St. Louis
2406 Spring Mill Estates Sr., St.
Charles, MO 63303
(636) 352-7014

River Pools of the Ozarks
133 S. Redbird Ln.
Nixa, MO 65714
(417) 459-4225

North Carolina
River Pools Charlotte
2000 Hampton Meadows Ln.
Cramerton, NC 28032
(704) 579-5512

River Pools Greensboro
1104 Birdsong Ct.
Youngsville, NC 27596
(704) 414-2233

South Carolina
River Pools Charleston
622 Old Trolley Rd., Ste. 132
Summerville, SC 29485
(843) 771-9689

Tennessee
River Pools of Knoxville
144 Point Road
Crossville, TN 38571
(865) 310-1069

River Pools of Nashville
Bethesda Road
Thompsons Station, TN 37179
(615) 538-8113

Texas
River Pools of Midland Odessa
4004 Radcliff Court

Midland, TX 79707
(432) 631-0844

Utah
River Pools Salt Lake City
5022 South Meadow View Dr.
Taylosville, UT 84123
(385) 743-8580

River Pools of Southern Utah
1087 West 70 North Circle
St. George, UT 84770
(435) 862-5110

Virginia
River Pools Chesapeake
709 Burrow Ave.
Chesapeake, VA 23324
(757) 286-4689

River Pools of Warsaw
196 Selftown Road
Warsaw, VA 22572

LIST OF FORMER FRANCHISEES

Arizona
Corey Galbraith
8602 East Meadowbrooke Ave.
Scottsdale, AZ 85251
(623) 734-6212

Georgia
River Pools Atlanta North
2220 Hillbriar Dr.
Buford, GA 30518
(404) 910-6098

RIVER POOLS®

EXHIBIT "H"
TO THE FRANCHISE DISCLOSURE DOCUMENT

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- What metrics would indicate that I need to hire more people? 14
- How should I structure my organizational chart? 14
- What kind of people should I be hiring? 14
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MARKETING 15
- Section Objectives 15
- How does it work? 15
- How many leads should I expect weekly? 15
- When do I know to use paid campaigns? 15

FINANCE 15
- Section Objectives 15
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EXHIBIT "I"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	N/A
Hawaii	N/A
Illinois	N/A
Indiana	April 30, 2022
Maryland	Pending
Michigan	October 15, 2021
Minnesota	Pending
New York	Pending
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	July 21, 2022
Washington	N/A
Wisconsin	April 29, 2022

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.

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EXHIBIT "J"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT RECEIPTS

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.

If River Pools Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York law requires that River Pools Franchising, LLC provide this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin law require that River Pools Franchising, LLC provide this franchise 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 River Pools Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit "D". River Pools Franchising, LLC's registered agents authorized to receive service of process are listed in Exhibit "D".

The name, principal business address and telephone number of each franchise seller offering the franchise is:	
Jason Hughes	
Bethany Walston	
The principal business address and telephone number for the individuals listed above is: River Pools Franchising, LLC, 840 Commerce Pkwy, Fortville, IN 46040, 1-888-358-7665	

Date of issuance: April 30, 2022

I received a disclosure document dated April 30, 2022 that included the following Exhibits:

A. FRANCHISE AGREEMENT
B. FINANCIAL STATEMENTS
C. LIST OF STATE AGENCIES AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
D. COPY OF CURRENT FORM OF GENERAL RELEASE
E. FINANCING DOCUMENTS
F. STATE SPECIFIC ADDENDA
G. FRANCHISE LOCATIONS
H. RECEIPTS

DATE DISCLOSURE DOCUMENT RECEIVED: _____
Signed: _____
Date Signed: _____
Print Name and Address: _____
_____

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document.

Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at: River Pools Franchising, LLC, 840 Commerce Pkwy, Fortville, IN 46040.

PROSPECTIVE FRANCHISEE'S COPY

RECEIPT

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FRANCHISOR'S COPY