FRANCHISE DISCLOSURE DOCUMENT

Spaulding Decon Industries, Corp.
a Florida corporation
1032 E Brandon Blvd. #8338
Brandon, Florida 33511
Tel: (813) 298-7122
franchise@spauldingdecon.com
www.spauldingdecon.com

We franchise the right to operate a "Spaulding Decon" business (each, a "Franchised Business") that provides professional decontamination services specializing in bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup, and other services and products under our primary marks.

The total investment necessary for the establishment of a Franchised Business under a franchise agreement (the "Franchise Agreement") ranges from $162,510 to $204,550, which includes between $87,000 to $102,000 that must be paid to us or our affiliates prior to opening.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Laura Spaulding, President, Spaulding Decon Industries, Corp., 1032 E Brandon Blvd. #8338, Brandon, FL 33511.

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

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

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

The Issue Date of this Franchise Disclosure Document ("FDD") is: May 23, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 Spaulding Decon 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 franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Spaulding Decon franchisee?	Item 20 or Exhibit F 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 that franchise or has verified the information in this document. To find out if your state has a registration requirements, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Florida than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in 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 term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This 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 sub-franchisor.

(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.

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

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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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

The Franchisor

To simplify the language in this Franchise Disclosure Document, "Spaulding Decon," "we," or "us" means Spaulding Decon Industries Corp., the franchisor of this business. "You" or "Franchisee" means the person who buys the franchise and includes your owners if you are a corporation or other business entity.

Spaulding Decon Industries Corp, is a Florida corporation formed on October 27, 2014. Our principal business address is 1032 E Brandon Blvd. #8338, Brandon, FL 33511. We began offering franchises on February 15, 2015. We do not do business under any name other than our corporate name and under the Spaulding Decon trade name. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. Additionally, we do not engage in any other major business activities outside of the Spaulding Decon franchise system (the "System"). A copy of our agents for service of process is listed in Exhibit A of this Disclosure Document.

Parents, Predecessors and Affiliates

Spaulding Decon, LLC ("SDC") is our affiliate. SDC is a Florida limited liability company formed on June 12, 2006, with a principal business address at 1032 E Brandon Blvd. #8338, Brandon, FL 33511. SDC currently operates a Franchised Business that is operated in a substantially similar manner to the franchise being offered in this Disclosure Document utilizing our primary marks and System, since SDC's formation in 2006. SDC has not offered franchises for this business or in any other line of business.

Other than those described above, we have no other parents, predecessors, or affiliates.

The Franchised Business

We offer franchises for the establishment, development, and operation of a business that provides professional decontamination, cleanup, restoration, and removal services, including bio-hazard cleanup, crime scene cleanup, decontamination, microbial remediation, hoarding cleanup, drug lab cleanup and other services and products (collectively, the "Approved Products" and "Approved Services"). Each Franchised Business operates according to our unique System, which includes recognized color schemes, distinctive specifications for equipment, display design, sales techniques, merchandising, marketing, advertising, and procedures for the operation and management of a Franchised Business. The System is identified by the Spaulding Decon trademark, logo and such other trade-names, trademarks, and logos that we designate and as we may modify and adopt from time to time for use in the System (collectively, the "Proprietary Marks").

If you obtain a franchise, you will have the right to operate the Franchised Business utilizing our Proprietary Marks and System. Your Franchised Business must be operated from a location within the designated territory (the "Designated Territory") that we approve in writing (the "Approved Location").

We expect that you will operate the Franchised Business from a home office that meets our System standards and specifications, to the extent such standards/specifications have been reduced and provided to you in writing. A typical range for the size of the home office from which a Franchised Business is operated is between 100 to 300 square feet.

Market and Competition

Your Franchised Business will compete primarily with other individually owned businesses providing decontamination, cleanup, restoration, and removal services. You will be competing with independent local businesses, including general contractors that provide decontamination, cleanup, restoration, and removal services and large national franchised and non-franchised companies that provide decontamination, cleanup, restoration, and removal services. Your competitive advantage will be based on your compliance with our System standards, your focus on customer service, and your managerial and entrepreneurial abilities.

Industry Specific Regulations

Your Franchised Business is subject to the laws and regulations in your county, state or municipality. You are advised to examine these laws and regulations before purchasing a franchise from us. You must comply with all laws and regulations pertaining to businesses generally and any laws pertaining to the regulation of the Franchised Business, including those related to: (i) health and safety requirements concerning professional bio-hazard cleaning and removal services, crime scene cleanup, decontamination and disinfection; (ii) microbial remediation; (iii) hoarding cleanup; (iv) meth lab testing, decontamination and cleanup; and (v) restoration services. You must evaluate and obtain the necessary licenses, certification, permits, and approvals necessary to establish and operate the Franchised Business.

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. We have not investigated the laws or regulations applicable to your Franchised Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2
BUSINESS EXPERIENCE

Laura Spaulding: Founder, CEO & President

Ms. Spaulding has served as our Founder, CEO & President since our formation on October 27, 2014, and is based out of Brandon, Florida. Ms. Spaulding is also the President and Manager of Spaulding Decon, LLC and has held this position since November 1, 2005, in Tampa, Florida.

Arthur Norwood: Marketing Director

Mr. Norwood has been our Marketing Director since June 2021 in Brandon, Florida. Mr. Norwood previously served as (i) Marketing Project Manager for Gray Street Solutions in Washington, D.C. from March 2020 to April 2021, and (ii) Marketing Consultant for Arthur Norwood Consulting in Gaithersburg, Maryland from January 2018 to April 2021.

Fiona Mills: Senior Franchise Business Consultant

Ms. Mills has served as our Senior Franchise Business Consultant since June 2018 in Brandon, Florida.

ITEM 3
LITIGATION

Pending Litigation

Spaulding Decon Industries, Corp. v. Kufahl Decon, LLC and Justin Kufahl, Case No. 16-CC-038646 (Fla. 13th Judicial Circuit). On November 22, 2016, we filed a complaint against Kufahl Decon, LLC and Justin Kufahl in the County Court in and for Hillsborough County, Florida. The complaint asserted claims for breach of the franchise agreement against Kufahl Decon, LLC and breach of the guaranty agreement against Justin Kufahl. Kufahl Decon, LLC defaulted. Justin Kufahl filed a counterclaim, which asserted claims for negligence and conversion. On May 25, 2017, the case was transferred to Circuit Court, Case No. 17-CA-005414. After a bench trial, a final judgment was entered on October 6, 2020, which awarded us damages in the amount of $9,769.46 against Kufahl Decon, LLC and Justin Kufahl and permanent injunctive relief enjoining Justin Kufahl from publishing comments that disparage us. The court also ruled in favor of us on Justin Kufahl's counterclaim. Justin Kufahl appealed the final judgment to the Second District Court of Appeal of Florida, Case No. 2D20-3151. On August 4, 2021, the appellate court dismissed the appeal, and granted our motion for entitlement to appellate attorneys' fees with the amount to be determined by the trial court. Our motion for attorneys' fees and costs is pending.

Rafael Santiago-Bailey, as Personal Representative of the Estate of Rafael Santiago, v. Spaulding Decon LLC, Spaulding Decon Industries, Corp., Edgewood Management Corporation, and Mid-City Legacy, LLC d/b/a Urban Atlantic, Case No. 22-CA-009225 (Fla. 13th Judicial Circuit). On November 2, 2022, Rafael Santiago-Bailey, as Personal Representative of the Estate of Rafael Santiago, filed a Complaint against us, Spaulding Decon LLC (affiliate-owned location), Edgewood Management Corporation, and Mid-City Legacy, LLC d/b/a Urban Atlantic for an unspecified amount of damages. The Complaint asserts claims against us for negligence and negligence per se, despite us having nothing to do with the underlying claim. The parties are currently conducting discovery. We intend to defend this matter vigorously.

Prior Actions

Arc Property Specialists LLC v. Spaulding Decon Industries, Corp., et al., Case No. 18 cv-003502 (D. Minn., St. Paul Division). On March 21, 2018, Arc Property Specialists LLC, a former franchisee, commenced an action against us and Laura Spaulding in the United States District Court for the District of Minnesota. The complaint asserted claims for breach of the franchise agreement, a declaratory judgment that the franchise agreement had been property terminated, breach of the covenant of good faith and fair dealing, violation of the Minnesota Franchise Act, fraud and unjust enrichment. On February 14, 2019, we filed an answer denying each claim and a counterclaim asserting claims for breach of the franchise agreement, breach of the non-competition covenants under the franchise agreement, trademark infringement and tortious interference. We also filed a third-party complaint against Todd Olson, the owner of Arc Property Specialists, LLC, asserting claims for breach of the non-competition covenants under the franchise agreement, breach of a guaranty, trademark infringement and tortious interference. On August 6, 2019, the parties entered into a settlement pursuant to which they agreed that the franchise agreement was terminated, and all claims asserted by all parties were dismissed with prejudice and released.

Justin Kufahl v. Spaulding Decon Industries, Corp., et al., Case No. 6:19-cv-01036 (D. Kan.,

Wichita Division). On February 19, 2019, Justin Kufahl commenced an action against us and Laura Spaulding in the United States District Court for the District of Kansas. The complaint asserted claims for breach of the franchise agreement, a declaratory judgment that the franchise agreement was properly terminated, breach of the covenant of good faith and fair dealing, fraud, unjust enrichment and defamation. On October 23, 2019, the court granted our motion to transfer the case to the Middle District of Florida and entered a judgment transferring the case.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $49,500 for your first Franchised Business (the "Initial Franchise Fee") in a lump sum upon execution of your Franchise Agreement. You will receive a Designated Territory that includes a population of up to 350,000. If your Designated Territory has a population greater than 350,000 people, your Initial Franchise Fee will increase from the baseline amount of $49,500 by $0.14 for every additional person.

The Initial Franchise Fee is paid in consideration of the costs incurred by us in connection with the execution of your Franchise Agreement, as well as our lost or deferred opportunity to enter into a Franchise Agreement with other prospects. The Initial Franchise Fee is non-refundable upon payment. The franchise fee for any additional locations awarded to an existing franchisee will be reduced to: (i) $42,000 for a second Franchised Business; (ii) $38,000 for a third Franchised Business; (iii) $36,000 for a fourth Franchised Business; (iv) $34,000 for a fifth Franchised Business; (v) $32,000 for a sixth Franchised Business; and (vi) $30,000 for a seventh Franchised Business.

Initial Technology Fee

You must pay us an initial technology fee (the "Initial Technology Fee") in the amount of $2,500 for the initial CRM license. The Initial Technology Fee is non-refundable upon payment.

Initial Equipment and Supply Package

You must pay us between $35,000 - $50,000 for the purchase of our initial equipment and supply package (the "Initial Equipment and Supply Package"). The Initial Equipment and Supply Package is non-refundable upon payment.

Qualified U.S. Military Veterans and First Responders

For qualified individuals who are honorably discharged from any branch of the United States Military or were a First Responder in the police or fire department, the Initial Franchise Fee is discounted by ten percent (10%). This discount only applies to your first Franchised Business/Territory.

U.S. Military Veteran Franchise Giveaway Program

This year, we expect to conduct a U.S. Military Veteran Franchise Giveaway Program (the "Giveaway Program"). The Giveaway Program will select one qualified military veteran that meets our then-current standards for this program. If selected, you will not be required to pay the Initial Franchise Fee in connection with your Franchised Business (up to a $49,500 value). We will only consider candidates who are not working with a broker or other third-party consultant. If you are interested in being considered for the Giveaway Program, email Franchise Development at franchise@spauldingdecon.com for additional information on how to apply.

Uniformity

Except as provided in this Item, we expect and intend to impose the fees above uniformly on our System franchisees.

ITEM 6
OTHER FEES[1]

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee[2]	The greater of (i) eight percent (8%) of weekly Gross Sales, or (ii) the Minimum Royalty. The royalty for construction build-back services, which are sub-contracted to a third unaffiliated party is the greater of (i) four percent (4%) of Gross Sales for these build-back services, or (ii) the Minimum Royalty. The royalty on services that you provide for National Accounts is the greater of (i) eight percent (8%) of Gross Sales, or (ii) the Minimum Royalty.	Your weekly Gross Sales Report is due to us by noon each Monday. The EFT for your Royalty Fee will be processed after we receive the Gross Sales Report.	Your Royalty Fee will commence upon the earlier of (i) after the first week of generating revenue, or (ii) 90 days after completion of training. This payment will be debited automatically from your EFT Account. Please see Notes 1 and 2 below for additional information on the Minimum Royalty levels you will be expected to generate under your Franchise Agreement.
Royalty Fee and Brand Fund Contribution in Connection with Real Estate Transaction	In lieu of paying the standard Royalty Fee and Brand Fund Contribution, your Royalty Fee and Brand Fund Contribution Fee in connection with a real estate transaction depends on whether the real estate transaction at hand is (i) a real estate purchase, or (ii) wholesale deal.	Paid at the time of sale or purchase. HUD statements must be provided to us at the time of sale or purchase.	A real estate purchase is defined as a transaction where you purchase real estate (whether or not you intend to "fix & flip" or buy and hold) where the title transfers into your name or the name of an entity in which you own any interest. A wholesale deal is defined as a transaction where the title to the property is never in your name and

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	The Royalty Fee and Brand Fund Contribution amounts are detailed in the Notes below[3]		you are simply selling the paper before closing and are listed in the HUD as the assignment fee. The real estate transaction will count towards your Minimum Royalty. This payment will be debited automatically from your EFT Account at the close of the purchase.
Ongoing Product Purchases[4]	Varies based on sales within your Designated Territory	Payable prior to, or at, delivery.	You are required to purchase the Approved Products on an ongoing basis as necessary to service your customers. We may also require you to purchase additional items necessary to service your customers. See Item 8 of this disclosure document for additional information.
Brand Fund Contribution[5]	The greater of (i) one and one-half percent (1.5%) of weekly Gross Sales, or (ii) $100 per week.	Paid to us Monday each week for the preceding week.	This payment will be debited automatically from your EFT Account.
Local Marketing Requirement[6]	The greater of (i) two percent (2%) of Gross Sales from the prior month, or (ii) $2,500 per month. You are required to start spending this amount upon opening the Franchised Business.	Monthly, as incurred by you and negotiated with local suppliers.	You must spend this amount on pre-approved marketing within your Designated Territory.
Regional Cooperative Contribution[7]	If established, two percent (2%) of your monthly Gross Sales. We reserve the right to increase this amount up to three (3%) of monthly Gross Sales.	Paid monthly as incurred.	See Note 7 below.
Technology Fee[8]	The then-current Technology Fee, which is currently $300 per month. Each additional email account after the first two (2) will be charged at the then-current amount, which is currently an additional $10.00 per email account per	Monthly on the first business day of each month.	This payment will be debited automatically from your EFT Account.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	month. The amount per email per month is subject to change.		
Contact/Call Center[9]	We reserve the right to implement a call center. If implemented, you will be required to pay the then-current contact/call center fee, which is currently $475 per month. This amount shall not exceed $800 per month.	Monthly on the first business day of each month.	This payment will be debited automatically from your EFT Account.
SEO and Digital Marketing Fee[10]	The then-current SEO and Digital Marketing Fee, which is currently $1,000 per month. This amount shall not exceed $1,500 per month.	Monthly on the first business day of each month.	This payment will be debited automatically from your EFT Account.
Bookkeeping Services	The then-current cost charged by the Approved Supplier, which is currently $450 per month. These services will not exceed $700 per month.	Monthly.	As arranged by our Approved Supplier. We reserve the right for our affiliate to serve as the Approved Supplier for these services.
Customer Service and Refunds[11]	Varies under the circumstances, but shall not exceed $10,000	On demand	This payment will be debited automatically from your EFT Account.
Initial Training for Additional Employees and Supplemental Training[12]	We provide our Initial Training Program to you and one (1) of your designated managers who attends the Initial Training Program. If you wish to bring a 3rd or any additional individuals to the Initial Training Program, you must pay us the Initial Training program fee ("Initial Training Program Fee") of $1,500 for each individual that attends at the same time. If you have other individuals that attend on a different date, then you must pay $4,900 for up to another two (2) people to attend the Initial Training Program. If you require additional or supplemental training, you	On demand	Under our pre-opening initial training program, we will train you and one (1) of your designated managers. If you wish to bring additional individuals to the Initial Training Program, we will charge you our Initial Training Program Fee. If you request that we provide additional training or supplemental training for additional managers, either before or after the opening of the Franchised Business, you must pay our then-current Training Fee. Initial training is conducted at facilities that we designate and you must pay for all other expenses of your trainees, including salary, travel, and accommodations. If you require

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	will be required to pay us our then-current training fee, plus expenses. Our current fee is $500 per person per day per day if conducted at the location of your Franchised Business (the "Training Fee") plus travel and other expenses.		additional or supplemental training, you will be required to pay our Training Fee.
Annual Conference[13]	Our then-current Annual Conference Fee, which will not exceed $1,000. If you fail to attend the Annual Conference, we may charge you a fine of $3,000 in addition to the Annual Conference Fee.	On demand, prior to conference.	This payment will be debited automatically from your EFT Account. You are required to attend the Annual Conference and must pay the Annual Conference Fee whether or not you attend. If you fail to attend the Annual Conference two years in a row, then your Franchise Agreement will be subject to termination.
Royalty Payment Late Charge	$250 per occurrence	On demand	Applies to past due payments of Royalty fees.
Gross Sales Report Charge	$250 per occurrence	On demand	If you fail to submit to us a complete and accurate Gross Sales report due weekly on the Monday of each week for the preceding accounting week, you will be required to pay a Gross Sales report charge.
Financial Reporting Late Charge	$250 per occurrence	On demand	If you fail to timely submit to us your unaudited monthly profit and loss statement and balance sheet within fifteen (15) days after the end of each month.
Interest Charges	One and one-half percent (1.5%) per month.	On demand	Applies to past due payments of fees, charges, interest, and payments due to us from you. Interest begins to accrue on the date that any payment is due from you to us.
Review and Audit	Actual costs	On receipt of invoice	You must pay us the costs that we incur in reviewing and auditing your records if the review and/or audit performed by us results in a finding that you failed to comply with the terms of your Franchise Agreement. These fees include the

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			actual costs that we incur including fees for accountants, attorneys, administrative staff, travel, meals, and lodging expenses.
Estimating Fee	For certain jobs, you may be required to use a third-party estimating platform such as Xactimate. If we provide this estimate for you, you will be required to pay us a fee equal to three percent (3%) of the total invoiced amount for successful bids. If the bid is unsuccessful, then you must pay us our then-current amount for unsuccessful bids, which is currently $100.	On demand	You are required to utilize our Approved Supplier for project estimates. If you fail to secure the appropriate software from our Approved Supplier, we may, but are not obligated to, secure the software for you and charge you a fee of 18% in addition to the cost of the software.
Transfer Fee[14]	$15,000 (the "Transfer Fee").	Prior to the date of transfer	All transfers are subject to our approval and require the transferee's satisfaction of our training requirements.
Renewal Fee[15]	$10,000 (the "Renewal Fee").	Upon signing renewal Franchise Agreement.	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then-current Franchise Agreement and pay the Renewal Fee
Relocation Fee[16]	Varies	Upon relocating the Franchised Business.	See Note 16 below.
Collection Costs and Attorney Fees[17]	Amount incurred by us to collect unpaid Royalty and other fees or sums due from you to us.	On demand	Includes fees and expenses incurred by us, including legal demands and litigation, related to your breach of the Franchise Agreement, including attorneys' fees, deposition expenses, expert witness fees, accounting fees, and filing fees.
NSF Check Fee or Failed Electronic Fund Transfer[18]	Interest at a rate of 1.5% compounded monthly plus a penalty of $500 per occurrence or the maximum amount allowed under state law.	On demand	Applies to payment of Royalty fees and Advertising Contributions and other payments to us. If you instruct your bank to decline a fee draft, we may still charge this fee.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Noncompliance[19]	Amount of fees, costs, and/or expenses that we incur in connection with your non-performance of your obligations under the Franchise Agreement. Includes attorneys' fees.	Within fourteen (14) days of our invoice	You must pay us and reimburse us for all costs, fees, and expenses that we incur as a result of or in connection with your breach of the Franchise Agreement. This includes legal fees, expenses, and costs that we incur with outside legal counsel and costs associated with services and/or work performed by our own in-house legal staff.
Supplier Review; Failure to Use Approved Supplier	Our actual costs to review a supplier suggested by you. If you fail to use our Approved Supplier, we may fine you $5,000 per incident.	Within fourteen (14) days of invoice	As determined by us, in our reasonable business judgment. We may require your submission of samples and specifications.
Insurance[20]	Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf).	As incurred.	See Note 18 below.
Indemnification[21]	Actual costs of indemnification	When incurred.	See Note 19 below.
Territorial Policy Fee	Up to $20,000 per occurrence.	When incurred	We may assess a fee of up to $20,000 for each violation of our Territorial Policy.

Explanatory Notes

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and/or Approved Suppliers and are fully earned upon receipt.

    a. *Manner of Payment*. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from

the operation of your Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, you must provide us with: (i) your bank's name, address and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under the Franchise Agreement by other means as we may specify from time to time. If any Gross Sales Report has not been received within the required time period, then we may process an electronic funds transfer for the subject week based on the most recent Gross Sales Report you submitted, provided, that if a Gross Sales Report for the subject week is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.

2. Royalty.

   a. *Gross Sales*. "Gross Sales" shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that you receive from third-party vendors/suppliers. "Gross Sales" from customers shall not include monies that are collected and submitted by you for transmittal to the appropriate taxing authority. In computing Gross Sales, you shall be permitted to deduct the amount of cash refunds if such amounts have been included in Gross Sales of the Franchised Business.

   b. You must also email us a signed Gross Sales Report ("Gross Sales Report") on Monday (before noon ET) of each week for the preceding week in the manner and form we specify. Each Gross Sales Report must set forth: (i) your Gross Sales generated during the period; (ii) your calculation of the Royalty and if applicable, Brand Fund Contribution (as defined below); and (iii) any other information we may require. We may change the form and content of the Gross Sales Reports from time to time and/or require you to submit Gross Sales Reports on a different schedule upon notice to you.

   c. *Minimum Royalty*. You must pay us the following Minimum Royalty Fee:

Minimum Royalty Fee		**Minimum Gross Sales**
Weeks 1 to 52	$250 per week	$3,125 per week
Weeks 53 to 104	$384 per week	$4,800 per week
Weeks 105 to 156	$576 per week	$7,200 per week

Weeks 157 to 208	$865 per week	$10,812 per week
Weeks 209 and each week thereafter	$1,077 per week	$13,462 per week
Renewal Term: During any applicable renewal term, the Minimum Royalty Fee shall not be less than the Minimum Royalty Fee applicable in week 209 and shall be subject to increase as determined by us.		

d. *Construction Build-back Services*. The Royalty in connection with Construction Build-back Services is four percent (4%) of Gross Sales in connection with build back services (as defined below). Once your client's services are performed, clients may request additional services to "build back" the damaged areas and restore the building/area. Build back services include drywall, flooring, general carpentry, electrical, plumbing, mechanical, and painting, but does not include demolition (collectively, the "Build Back Services"). You must provide us with a copy of the invoice from the subcontractor.

e. *National Account Royalty Fee*. The royalty on services that you provide for our National Accounts is the greater of (i) eight percent (8%) of Gross Sales, or (ii) the Minimum Royalty.

3. Real Estate Transaction Royalty Fee and Brand Fund Contribution. In lieu of paying the standard Royalty Fee and Brand Fund Contribution in connection with a real estate transaction, if you or an affiliate purchase residential or commercial real estate that was introduced to you in connection with the Franchised Business, you must pay to us a Real Estate Transaction Royalty Fee and Brand Fund Contribution depending on the type of transaction at hand. The Royalty Fee and Brand Fund Contribution tiered structures are provided in the charts below:

Tiered-Structure for Real Estate Purchases*		
Gross Purchase Price on HUD	**Royalty Fee**	**Brand Fund Contribution**
$0.00 - $25,000.00	$3,500.00	$500.00
$25,000.01 - $50,000.00	$4,000.00	$500.00
$50,000.01 - $75,000.00	$5,000.00	$500.00
$75,000.01 - $100,000.00	$5,000.00	$500.00
$100,000.01 - $200,000.00	$5,000.00	$1,000.00
$200,000.01 - $300,000.00	$5,000.00	$1,000.00
$300,000.01 +	$5,000.00	$1,000.00

Payment Structure for Wholesale Deals**		
Total Assignment Fee on HUD	**Royalty Fee**	**Brand Fund Contribution**
Applies to **All** Wholesale Transaction	$5,000.00	One and one-half percent (1.5%) of Assignment Fee as Indicated on HUD

*Real Estate Purchases includes all strategies such as buy & hold or fix & flip strategies, where the title transfers into your name or the name of an entity in which you own any interest.

** Wholesale Deals: The title is never in your name; you are selling the paper before closing and are listed in the HUD as the Assignment Fee.

4. On-going Product Purchases. We reserve the right to sell proprietary and non-proprietary products to you. Any required products or suppliers will be noted in the Operations Manual.

5. Brand Fund Contribution. You must contribute to the Brand Fund (the "Fund") the greater of (i) one and one-half percent (1.5%) of weekly Gross Sales, or (ii) $100 per week. Please see Item 11 of this Disclosure Document for additional information regarding the Fund and your other advertising/marketing obligations.

6. Local Marketing Requirement. You must continually promote the Franchised Business and expend the greater of (i) two percent (2%) of Gross Sales, or (ii) $2,500 per month toward the marketing and promotion of your Franchised Business. Your Local Marketing efforts and expenditures must be expended in your Designated Territory and may only include media, networking, business development, public relations, and other forms of business development that we designate and pre-approve.

7. Regional Cooperative Contribution. We have the right, but not the obligation, to create a cooperative advertising program for the benefit of the System located within a particular region (a "Cooperative"). We have the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative, and to require that you participate in the Cooperative that purchases advertising or promotions affecting your Designated Territory. Any amount that you contribute to the Cooperative will be credited towards your Local Advertising Requirement for the month(s) you are contributing.

8. Technology Fee. The continuing monthly technology fee is an administrative fee and is associated with your email accounts, websites, Intranet, and CRM systems (the "Technology Fee"). The monthly Technology Fee is currently three hundred dollars ($300) per month and is subject to increase. The Technology Fee includes two (2) email accounts. If you wish to obtain more email accounts to operate the Franchised Business, the cost is currently $10 per month per additional email account.

9. Call/Contact Center. We reserve the right to establish a call center, to be operated by us, our affiliate, or an Approved Supplier. If established, you will be billed on a monthly basis for basic call/contact center services with our designated toll-free number and the forwarding of calls and/or caller information from authorized sources that we publish; which includes our corporate website and social media. We possess the right to modify and adjust the types of services that are included as part of our contact center services. This fee is subject to change but limited to no more than $800 per month.

10. SEO and Digital Marketing Fee. The SEO and Digital Marketing Fee covers in-house digital marketing and search ranking for Spaulding Decon on behalf of all franchisees. This fee goes towards employees and freelance technologists to create, test, and review marketing campaigns through all channels, such as: search engine optimization (SEO), national pay-per-click (PPC) marketing, conversion rate optimization (CRO), and traditional advertising. This fee also includes digital marketing and automation tools for local marketing, SEO, CRO, and other data-driven decisions.

11. Customer Service and Refunds. This fee will be based on the costs incurred by us, including refunds and/or credits that we may undertake on behalf of a customer that was not satisfied with the services or products provided by your Franchised Business. You must guarantee your services to your customers. If we determine that your customer is entitled to reimbursement of fees paid to you, we may reimburse your customer directly. You must reimburse us for the amounts that we reimburse your customer.

12. Initial Training for Additional Employees and Supplemental Training. Under our pre-opening initial training program, we will train you and one of your designated managers at no additional charge for contiguous territories. If you request that we provide initial training for additional managers, either before or after the opening of the Franchised Business, you must pay our then-current Training Fee. Initial training is conducted at facilities that we designate and you must pay for all other expenses of your trainees, including salary, travel, and accommodations. If you request supplemental training, you will also be charged the then-current Training Fee.

13. Annual Conference. We may, in our discretion, hold an Annual Conference and require your attendance, for which you must pay our then-current registration fee, which currently costs up to $1,000. You will be responsible for all travel, food, and lodging costs for you and any attendee. If you fail to attend the Annual Conference, we may charge you a fee of up to $3,000 in addition to the then-current registration fee. Failure to attend the annual conference in consecutive years is a default of your Franchise Agreement and will result in termination of your Franchise Agreement.

14. Transfer Fee. You must pay us a transfer fee equal to $15,000. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us.

15. Renewal Fee. Before we approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to $10,000 (the "Renewal Fee"). We have a number of additional conditions that

you must meet in order to renew your Franchise Agreement. See Item 17 of this Disclosure Document for additional information regarding renewal.

16. Relocation. Franchisees will be allowed to change the location of the Franchised Business. Franchisee will be required to reimburse us for our costs in reviewing the new location.

17. Collection Costs and Attorneys' Fees. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and you claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded to us as part of the judgment in the proceeding.

18. NSF Check Fee or Failed Electronic Fund Transfer. If the funds in your EFT Account are insufficient to cover any amounts due under the Franchise Agreement on the date such funds are due, then you must pay us interest at a rate of one and one half percent (1.5%) compounded per month, plus a fee of five hundred dollars ($500) per occurrence, or the maximum amount allowed under state law.

19. Noncompliance. You must maintain accurate business records, reports, accounts, books, and data relating to the operation of your Franchised Business. We and our designees retain the right to inspect and/or audit your business records, which includes your call logs related to your Franchised Business, at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than two percent (2%). These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

20. Insurance. Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf).

21. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your Franchised Business. Your indemnification obligations are described more fully in the Franchise Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT[1]

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[2]	$49,500	Lump sum	When you sign the Franchise Agreement	Us
Initial Equipment and Supplies[3]	$35,000 - $50,000	As billed	As incurred	Us
Computer, Software, Initial Technology Fee System, Licenses and Certifications[4]	$5,700 - $6,000	As billed	As incurred	Us or Approved Third party suppliers and vendors, subject to our specifications
Utility Deposits[5]	$0 - $200	As billed	Before opening	Utility companies
Insurance Deposits and Premiums[6]	$19,000 - $21,000	As billed	Varies	Insurance companies
Travel and Lodging for Initial Training[7]	$1,800 - $3,500	As incurred	Before opening	Third party
Professional Fees[8]	$3,000 - $5,000	As billed	Before opening	Third parties, including attorneys, accountants and architects
Business Licenses and Permits[9]	$200 - $400	Lump sum	Before opening	Government authorities
Commercial Vehicle[10]	$8,950 - $11,950	Lump sum	Before opening	Approved Supplier

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Commercial Vehicle Wrap[11]	$4,000	Lump Sum	Before opening	Approved Supplier
Storage Unit or Enclosed Trailer[12]	$360 - $3,000	As incurred	Before opening	Third party suppliers
Additional Funds – Initial period of 6 months[13]	$35,000 - $50,000	As incurred	Before opening	Us, utilities approved vendors, employees and other providers of services and/or goods necessary for the operation of the Franchised Business.
TOTAL	**$162,510 - $204,550**			

Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted. The chart above estimates your initial investment to begin operating a Franchised Business. These estimates do not include interest and financing charges that you may incur and they do not include royalties, marketing development and other continuing fees that you will be required to pay to us. We do not offer direct or indirect financing. The estimates are based on the experience of our affiliate in establishing a System business.

Note 2: Initial Franchise Fee. As of the date of this Disclosure Document, the Initial Franchise Fee is $49,500 for a Franchised Business in a Territory. You must pay the Initial Franchise Fee in full upon signing the Franchise Agreement.

Note 3: Initial Equipment and Supplies. You must purchase your initial equipment and supply package from us. This initial package will include your initial equipment and supplies comprised of hospital grade disinfectant, air scrubber, ozone machine, air movers, dehumidifier, circular saw, drill, drywall cutting tool, respirators, trash bags, towels, gloves, filters, brooms, mops, spray bottles, extension cords, generator, and utility knives. This figure also includes uniforms, business cards, brochures, trade show materials, and other office supplies.

Note 4: Computer, Software, Initial Technology Fee, System, Licenses and Certifications. You are required to acquire licenses to utilize, on a daily basis, the Business Management Software System. Our Business Management Software System is currently cloud-based. The computer system in your Franchised Business and your service vehicles (connected through iPads), will require high-speed internet access as you and your employees (including during service and estimate visits) will require constant access to the Business Management Software System. You will be required to have at least one (1) office computer with high-speed internet access. While you are not required to obtain, you may want to obtain an iPad or other tablet

with high-speed internet access for estimates. We may change vendors and move your data and information to alternative Business Management Software System providers. This estimate includes your initial license fee only. This estimate also includes the Initial Technology Fee of $2,500 that you must pay to us at or prior to opening your Franchised business. Additional information about the Business Management Software and computer system is disclosed in Item 11 of this Disclosure Document.

Note 5: Utility Deposits. To secure the appropriate utilities required for the operation of your Franchised Business, including gas, electricity, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 6: Insurance Deposits and Premiums. You are required to maintain certain insurance for the operations of your Franchised Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company provider. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

Note 7: Travel and Lodging for Initial Training. Prior to opening your Franchised Business, you must complete our Initial Training Program. You are responsible for the food, travel, and lodging expenses that you and your participating managers will incur when you attend the Initial Training Program, and the salary and benefit costs of your attendees. Costs vary due to distances from your location to our training facility and the quality of the food and lodging you choose. Other factors include seasonal variations in the price of travel and lodging expenses, general economic conditions, and your persistence in obtaining the best prices available. This estimate is for the cost for you and your Designated Manager (two individuals in total) to attend the Initial Training Program.

Note 8: Professional Fees. We strongly recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering.

Note 9: Business Licenses and Permits. You must apply for, obtain, and maintain all required permits and licenses necessary to operate the Franchised Business. The licenses will vary depending on local, municipal, county, and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Franchised Business.

Note 10: Commercial Vehicle. You are required to purchase or lease, during the term of your Franchise Agreement, a designated vehicle that we approve. Typical vehicles that we approve of include Ford Transit and Dodge Promaster (collectively, the "Approved Vehicle"). The Approved Vehicle must be designated a commercial vehicle for your employees in traveling to and from customer homes. The Approved Vehicle must be wrapped with the branding and design features that we specify and approve. We anticipate that you will be leasing the Approved Vehicle and you are required to maintain commercial automobile insurance. This estimate is based on the assumption that you will be leasing the Approved Vehicle and that your estimated monthly lease payments will be approximately $650 per month and that at the time of leasing the Approved Vehicle, your out-of-pocket expenses will range from $0 to $2,000. The estimate provided is for three (3) months of lease payments for one Approved Vehicle.

Note 11: Commercial Vehicle Wrap. You must purchase a branded wrap from our Approved Supplier to be installed on the Approved Vehicle for your Franchised Business.

Note 12: Storage Unit or Enclosed Trailer. Our standard offering assumes that you will either (i) lease a 10x15 storage unit, or (ii) purchase an enclosed trailer to store your equipment. The low end of this estimate represents the cost to lease a 10x15 storage unit for three months while the high end of this estimate assumes that you will

purchase an enclosed trailer.

Note 13: Additional Funds. You will need capital to support ongoing expenses, such as payroll, vehicle payments, royalty fees, Brand Fund contributions, advertising and marketing fees (including SEO and digital marketing), Technology Fee, Call Center fees, bookkeeping, and additional training, if these costs are not covered by sales revenue for your first six (6) months of operation. Our estimate does not include any sales revenue you may generate. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or thereafter.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations and training manual and various other confidential manuals and writings prepared by us for use by you in operating a Franchised Business (collectively, the "Operations Manual"), and which we may change and modify in our sole discretion. The Operations Manual shall remain confidential and is our exclusive property. You shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of the Franchise Agreement as if they were fully written in the Franchise Agreement. You shall ensure that your copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy, which we maintain at our corporate headquarters, will control.

Approved Products and Approved Services

You may only offer Approved Products and Approved Services from your Franchised Business. We will provide you with a list of both the Approved Products and Approved Services. All Approved Products and Approved Services must meet our standards and specifications. We have the right to require you to purchase or use certain items, including but not limited to the vehicle from which you will use in connection with operating the Franchised Business, accounting software, paint, signage, and other equipment/inventory, from us or third party suppliers or distributors approved or designated by us to: (i) better assure the quality of the Approved Products and Approved Services; (ii) assure the supply of the Approved Products or Approved Services; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies. You will not receive any material benefit from approved or designated suppliers. You must follow our Territorial Policy in your provision of the Approved Products and Approved Services.

You must offer the Approved Services in the manner we prescribe, and otherwise operate the Franchised Business in such a manner which will serve to emulate and enhance the image intended by us for the System.

We formulate and modify our standards and specifications for products and services based upon the collective experience of us and our franchisees. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the Franchised Business, including standards and specifications for services, products, signs, furnishings, supplies, fixtures, and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes, which you must pay at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

We generated $121.97 in rebates and $198,515 in revenue from franchisee's required purchases over our past fiscal year ending December 31, 2022, or 8.32% of our total revenue of $2,384,962 over our past fiscal year.

We estimate that you required purchases and leases will account for approximately 55% of your total costs incurred in establishing your Franchised Business, and approximately 25% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

Approved Suppliers

We have the right to require you to purchase or lease any items or services necessary to operate your Franchised Business, including but not limited to goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of our Operations Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

You must use our Approved Supplier for pay-per-rank/click (PPR) marketing as well as search engine optimization (SEO) marketing, Call/Contact Center, Bookkeeping Services, the Approved Vehicle, Vehicle Wrap, Business Management Software, and Estimating Software. You must purchase the Initial Equipment Package and certain chemicals from us. Besides the Initial Equipment Package, PPR marketing, certain chemicals, Approved Vehicle, Vehicle Wrap, Business Management Software, Estimating Software, and SEO marketing, you are not required to purchase any other items from an Approved Supplier. We reserve the right to designate additional goods or services to the required items that you must purchase from an Approved Supplier, an affiliate, or us.

We negotiate purchase arrangements with suppliers, including price items, for the benefit of franchisees.

For items that we or an affiliate supply, we will use commercially reasonable efforts to make reasonably adequate quantities of these items available to you. You are responsible for ordering these items and for the cost of shipping and delivery. We reserve the right to alter payment terms as we may determine is appropriate for you. Neither we nor our affiliates are currently Approved Suppliers for any items except as listed above. The only Approved Supplier our officers currently own an interest in is us.

Supplier Testing and Approval

In the event you wish to purchase any unapproved item, including equipment and inventory, and/or acquire approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, with a sample of the item you wish to purchase. We will attempt to notify you of our approval or disapproval within 60 days of receiving all necessary information concerning the proposed item or supplier. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We are not required to approve any particular supplier. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. We are not required to approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the

effective or economical supervision of Approved Suppliers. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from Approved Suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

Advertising and Marketing Materials

All materials bearing the Proprietary Marks (including, but not limited to, stationery, business cards, brochures, apparel, and displays) must meet our standards and specifications and must be purchased from either us directly or our Approved Supplier. All of your marketing materials must be approved by us before you use them. You may market your Franchised Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our Approved Supplier. We may require that you use an Approved Supplier for social and digital media marketing services and use our social media platforms and marketing channels.

Insurance

You must procure and maintain insurance covering the operation and location of the Franchised Business as we may designate from time to time. You must secure insurance prior to attending the Initial Training Program. Our present insurance requirements are as follows: (i) commercial general liability insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount of $2,000,000 per occurrence and $2,000,000 in the aggregate; (ii) "all risks" coverage, including flood, earthquake, boiler, and machinery, for the full cost of replacement of your Operations Center and all other property which you may have an interest; (iii) automobile liability insurance with limits of not less than $1,000,000 per accident for all owned, hired, and non-owned vehicles you, your employees, or any other person performing work on your behalf operate; (iv) business interruption insurance coverage in the amount of $250,000 or actual loss sustained per occurrence insuring for and against all losses and damages resulting from an interruption in the operation of the Franchised Business; (v) employer liability insurance in the amount of $500,000, bodily injury accident in the amount of $500,000, and bodily injury by disease in the amount of $500,000; (vi) worker's compensation insurance in the amount of $1,000,000; (vii) errors and omissions insurance in the amount of $1,000,000 covering for losses and damages resulting from alleged failure to perform or an error or omission in the operation of the Franchised Business; (viii) pollution liability insurance in the amount of $1,000,000 covering losses and damages for contamination of air, water, or land due to the sudden and accidental release of hazardous materials in connection with the operation of the Franchised Business; (ix) employment practices liability insurance in the amount of $1,000,000 covering discrimination, harassment, and similar claims; (x) bailment coverage with minimum limits of $250,000; (xi) excess umbrella liability insurance with a minimum of $2,000,000; and (xii) other insurance that we may specify in the Operations Manual or otherwise in writing from time to time. You must maintain these insurance levels throughout the term of your Franchise Agreement.

You must provide us with proof of coverage on demand. You will agree to carry insurance as may be required in connection with the Approved Vehicle or by any lender or equipment lessor you select. You must obtain these insurance policies from insurance carriers that are rated "A" or better and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against us. Furthermore, you shall be required to provide 60 days prior written notice of the termination, expiration, cancellation, or modification of any insurance policy.

You must annually submit a certification of insurance to us which demonstrates compliance with our insurance requirements. If you fail to comply with the minimum insurance requirements, we have the right to obtain such insurance and keep it in force and effect, and you shall pay us, on demand, the premium cost and administrative costs of 18% in connection with our obtaining the insurance. We have the right to increase or otherwise modify the minimum insurance requirements upon written notice to you, and you shall comply with any such modification within the time specified in the notice.

Computer Hardware and Software

Presently, you must purchase the required hardware, software, and the Business Management System from our Approved Suppliers. Our present computer hardware and software requirements are discussed further in Item 11 of this Disclosure Document, and are also discussed in detail in our Operations Manual.

Approved Vehicle

You must purchase or lease an Approved Vehicle for your Franchised Business that meets our standards and specifications as set forth in the Operations Manual. You must obtain our approval of your vehicle before you purchase or sign a lease for it.

The Approved Vehicle must be equipped, decorated, and supplied in compliance with our specifications which will be made available to you. We must approve all plans before you begin any modifications including installation of our specified vehicle wrap. We must approve all subsequent, material changes to the plans and drawings before such changes may be implemented.

You must agree to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle and the contents thereof, including its signs, equipment, fixtures, and any other tangible part or property associated with the Franchised Business, at your sole expense and at such times as we may reasonably direct. You must also agree that we have the right to direct you to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle in the manner necessary to bring it into conformance with other Franchised Businesses that are opening at the time of such direction.

Call Center

If established, you are required to exclusively utilize the base contact center services that we designate and mandate. These base services involve the answering and forwarding of calls from our toll-free number and forwarding of the contact information that we receive. Us, our affiliate or an Approved Supplier will serve as the sole and exclusive supplier of the Call Center.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table on the following pages lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	6.7 and 7.1	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.2, 7.5, and 7.6	Items 7 and 8
c. Site development and other pre-opening requirements	7.3 and 7.4	Items 6, 7, 8 and 11
d. Initial and ongoing training	6.3, 6.4, and 8.1	Item 11
e. Opening	7.4	Item 11
f. Fees	3, 6.4, 6.5, 6.6, 8.1, 12.4, 12.5, 12.6, 12.7 and 22.8	Items 5 and 6
g. Compliance with standards and policies/ operations manual	6.1, 7.5.1, 7.5.2, 7.5.4, 7.6, 7.7, 7.8, 7.9, 7.10, 7.17, 7.19, 7.20 and 7.21	Items 8 and 11
h. Trademarks and proprietary information	4 and 5	Items 13 and 14
i. Restrictions on products/services offered	6.1, 6.2, 7.5, 7.6 and 7.7.8	Items 8, 12 and 16
j Warranty and customer service requirements	7.7.2, 7.7.3, 7.7.4, 7.7.7, 7.11, 7.12 and 7.17	Item 15
k. Territorial development and sales quotas	1.3	Items 12 and 17
l. Ongoing product/ service purchases	6.1, 7.5, 7.6, 7.7.7, 7.9 and 7.10	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.2 and 7.19	Items 6, 8 and 11
n. Insurance	9	Items 6 and 8
o. Advertising	12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owners' participation/ management/staffing	7.7.3, 7.7.4, 7.7.5 and 7.12	Items 11 and 15
r. Records and reports	10 and 11	Item 6
s. Inspections and audits	7.8, 11 and 16.1.9	Items 6 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-term obligations	16 and 17.2	Item 17
w. Noncompetition covenants	17	Item 17
x. Dispute resolution	18	Item 17
y. Guarantee	Section 20 and Exhibit A	Item 15

ITEM 10
FINANCING

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

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

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

A. Pre-Opening Obligations

Before you open your Franchised Business, we will do the following:

1. We will provide you with access to our Operations Manual, which we will amend periodically. (Section 6.1 of the Franchise Agreement). The Operations Manual as of the Issuance Date of this Disclosure Document is currently 337 pages. The Table of Contents of the Operations Manual is included as Exhibit B to this document.

2. We will provide our Initial Training Program for you and one (1) Designated Manager. (Section 8.1 of the Franchise Agreement). More information about our Initial Training Program is provided below.

3. Once you confirm your home office meets our then-current System standards and criteria for the approved Operations Center of your Franchised Business, we will designate that location in the Data Sheet attached as Exhibit A to our current form of Franchise Agreement. (Section 6.7 of the Franchise Agreement).

4. We will approve your proposed vehicle for your Franchised Business. (Section 7.2 of the Franchise Agreement).

5. We will, to the extent we deem necessary, provide specifications for, and designate suppliers from whom you must purchase equipment, inventory, goods and supplies necessary for the start-up of the Franchised Business. (Section 6.2 of the Franchise Agreement). You must purchase any proprietary products and services we may in the future designate directly from us or our Approved

Suppliers. We may, at our sole discretion, provide you with assistance in establishing prices.

6. We will provide you with assistance in obtaining your signs, equipment, and initial opening inventory with a list of our approved signage, equipment, furniture, and fixtures (to the extent we have designated them), either as part of the Manuals or otherwise in writing and we will review and approve, in our sole discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Section 7.5.2 of the Franchise Agreement).

7. We will identify and locate your Franchised Business on our website. You may not utilize any websites, web-based media, or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and our digital media and you must assign all website media and digital media accounts to us. (Section 12.2.2 of the Franchise Agreement).

8. We will provide you (and up to one (1) of your designated managers) with training in accordance with our Initial Training Program. (Section 8.1 of the Franchise Agreement).

B. Site Selection

Unless we approve otherwise in writing, you will be required to operate the Franchised Business from your home or the home of one (1) of your owners (the "Operations Center"). In deciding whether to approve a site, we may consider, among other things (i) internet accessibility, (ii) whether you have a dedicated workspace, (iii) the proximity of the proposed site, and (iv) the general size, appearance, and other physical characteristics of the proposed site. We will not provide any site selection assistance in connection with your Operations Center given our standard franchise offering assumes that the Operations Center will be a home office. In operating the Franchised Business, you will use an Approved Vehicle agreed upon by you and us. (Sections 6.7, 7.1, and 7.2 of the Franchise Agreement).

Although there is no specified time limit for us to review the proposed site for your Operations Center, we will do so within a reasonable time period, not exceeding thirty (30) days of our receipt of your written request for our review of a proposed site. The general site selection and evaluation criteria or factors that we consider in approving your site include, among other things, the condition of the Operations Center, vehicular and pedestrian access, population demographics of the surrounding area, and general suitability.

You may not open the Franchised Business until you have (i) completed our initial training requirements, (ii) obtained all of the necessary licensing and authorization from state and regulatory agencies within your Designated Territory, (iii) obtained and provided to us with written proof of the required insurance, and (iv) have timely secured an Operations Center that we approved.

We estimate the length of time between the signing of your Franchise Agreement and opening your Franchised Business to be approximately six (6) months. Factors that may affect this estimated time period include: (a) length of time undertaken by you to complete our Initial Training Program to our satisfaction; (b) obtaining third-party lender financing, if necessary; and (c) obtaining the necessary licenses for the operation of your Franchised Business. Other factors may affect this time period include the lease of your Approved Vehicle. You must open your Franchised Business within ninety (90) days of when you complete the Initial Training Program, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Section 7.4 of the Franchise Agreement).

C. Initial Training Program and Other Training

Initial Training Program

TRAINING PROGRAM

We will provide the Initial Training Program to you (or if you are a corporate entity, your managing owner) and your Designated Manager for free. If you wish to bring a 3rd or any additional individuals to the Initial Training Program, you must pay the Initial Training Program Fee of $1,500 for each individual that attends at the same time. If you have other individuals that attend on a different date, then you must pay $4,900 for up to another two (2) people to attend the Initial Training Program. You must attend (if you are a partnership, corporation or limited liability company, your general partner, principal shareholder, or member/manager, as appropriate, must attend) and complete to our satisfaction, our Initial Training Program and pay the Initial Training Fee. If you have a Designated Manager(s), (as defined in Item 15 and as described in Section 7.7.5 of the Franchise Agreement), then he/she/they must also attend the Initial Training Program. If you and the additional people you select to attend do not attend at the same time, we reserve the right to charge our then-current Initial Training Fee for the trainee that does not attend the first training session. You are permitted to bring additional personnel to the Initial Training Program, subject to our team's availability, if you pay our then-current Initial Training Fee. If you purchase multiple franchises in contiguous territories, then you are only required to attend the Initial Training Program once. The Initial Training Program lasts approximately two (2) weeks. All training will be held at our headquarters in Tampa, Florida. We reserve the right to offer any portion of the Initial Training Program virtually or otherwise via remote training. All training-related expenses, including your and your personnel's transportation to and from the training site, as well as their lodging, meals, and wages during training, are your sole responsibility. You must attend and complete our Initial Training Program to our satisfaction no later than forty-five (45) days prior to commencing operations of the Franchised Business. Currently, we provide our Initial Training Program no less frequently than quarterly and on an as-needed basis. If at the time of executing your Franchise Agreement you failed to or didn't have the information to fill out one of the Exhibits to the Franchise Agreement, you must bring the completed Exhibit(s) with you before you may begin training.

Should you (and, if you have one, your Designated Manager) fail to complete the Initial Training Program to our satisfaction, at our option, the respective person may repeat the course, or in the case of a Designated Manager, you may designate a replacement Designated Manager and send such individual to the next available Initial Training Program. We may charge our then-current Initial Training Fee for a replacement Designated Manager to attend an Initial Training Program. Failure by you to complete the Initial Training Program to our satisfaction triggers our right to terminate the Franchise Agreement. We reserve the right to provide any portion of our Initial Training Program or any additional training via remote learning.

The following chart summarizes the subjects covered in our Initial Training Program:

TRAINING PROGRAM

SUBJECT	CLASSROOM TRAINING (HOURS)	ON THE JOB TRAINING (HOURS)	LOCATION
Business Overview	3	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)

SUBJECT	CLASSROOM TRAINING (HOURS)	ON THE JOB TRAINING (HOURS)	LOCATION
Relationship with the Corporate Office	1	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Pre-Opening Procedures	8	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
	0	2	Your franchise location (or virtual training)
Human Resources	2	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Sales	8	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
	0	12	Your franchise location (or virtual training)
Xactimate	8	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Office Management Procedures	8	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
	0	4	Your franchise location (or virtual training)
Service Procedures	25	16	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
	0	14	Your franchise location (or virtual training)
Real Estate Training	4	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Respirator Fit Training	2	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Marketing	5	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Accident Prevention Plan and Safety	4	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)
Basic Accounting Needs	2	0	Our corporate headquarters in Tampa, Florida, or other training facility we designate (which may include remote/virtual training)

SUBJECT	CLASSROOM TRAINING (HOURS)	ON THE JOB TRAINING (HOURS)	LOCATION
Sub-Total	**80**	**48**	
Total Hours	**128**		

Instructional materials that will be utilized during the Initial Training Program include our Operations Manuals. Our Initial Training Program is conducted under the direction and supervision of our President Laura Spaulding. Since 2005, Laura Spaulding has been involved in managing the daily operations of our affiliate Spaulding Decon, LLC. Laura Spaulding's experience includes establishing, managing, marketing, and operating every aspect of a Franchised Business. Fiona Mills who has 4 years of experience with us or our affiliate and 4 years of experience in the subjects she teaches. In addition to our Initial Training Program, you will be required to participate in and satisfy all other training programs that we may establish respecting the operation of your Franchised Business.

Your other employees may be trained by you, or at your request, and subject to the availability of our training staff, we will train your additional personnel for our then-current Training Fee. You are responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training your additional personnel. All training materials provided to you by us shall at all times remain our property and confidential information, and you must agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. (Section 8.2 of the Franchise Agreement).

After the opening of your Franchised Business, we reserve the right to require that you (or your managing owner if you are a corporate entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate-owned location in Tampa, Florida and you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. Following training, additional certification and/or memberships are required or recommended as indicated below:

Training	Location of Training	Hours to Complete	Who Must Complete
Hazardous Waste Operations and Emergency Response (Hazwoper) Certification - Must be completed prior to attending Initial Franchise Training (NOTE 1) (NOTE 2)	3rd party vendor for initial training; online for annual refresher course.	40 hours for initial training; 8 hour annual refresher course.	Franchisee Supervisors All techs.
Blood Borne Pathogen Course and Certification (NOTE 3)	Online.	1 hour online.	Franchisee Supervisors All techs.
Mold Remediation Certification Training	3rd party vendor.	Varies.	As required by law.

(NOTE 4)			
Water Mitigation (WRT-Water damage restoration technician) (NOTE 5)	Online/In Person IICRC	Up to 3 days	Franchisee or Project Manager
Environmental Protection Agency Lead-Safe Certification – lead-based paint removal license (NOTE 6)	Online.	8 hours online every 5 years.	Federal requirement by EPA.
Log/out tag/out certified (NOTE 7)	Online.	Varies.	1 Field Supervisor.
Staff completing preliminary site assessments and producing site assessment reports for Clandestine Lab Decontamination may be required by the state where you do business to have specific training and certifications.	By us and/or 3rd party vendor. (NOTE 7)	Not applicable.	Field Supervisor or Estimator.
Meth Decontamination Certification	Initial Franchise Training by us.	Not applicable.	Required for all services techs performing meth lab cleanups/franchisee. (NOTE 8)
Bio-recovery/Crime Scene Decontamination Certification	Initial Franchisee Training by us.	Not applicable.	Required for at least 1 service tech/franchisee. (NOTE 9)

Notes:

Note 1: All Meth techs are required to complete the 40-hour HAZWOPR training.
Note 2: Initial HAZWOPR training is currently $300 at e-traintoday.com or Nationalenvironmentaltrainers.com for approximately $300. The annual refresher course is currently $99 annually. This certification is required prior to opening your Franchised Business.

Note 3: The online training is recommended. You should create a corporate account and all employees should be registered under the corporate account umbrella. A Red Cross program can also be utilized if you prefer as long as it issues a certification. This training can be done during the holiday slow down. This training is provided by Bloodborne Pathogen through e-traintoday.com and can range in price from $30 to $50 per participant. This certification is required prior to opening your Franchised Business.

Note 4: Mold Remediation Certification Training is required to offer mold remediation services. You must submit Certification to us before offering these services to the public. Your state may require that all on-site personnel be certified. If so, you must comply. This training is provided by IICRC.org and can range in price from $350 to $700 per participant. This training must be completed before you offer this service from your location.

Note 5: This certification is required prior to opening the Franchised Business. This is an online/in-person

class offered by IICRC. It is the pre-requisite to obtain AMRT (Mold) certification. You will not be able to accept water restoration / remit jobs prior to attaining this certification.

Note 6: This license is necessary when removing any paint products from buildings built prior to 1978. This training is required and can be taken by any local class given in their area. This training course ranges from $200 to $300 per participant.

Note 7: Required only for big industrial accidents – i.e. machinery, conveyor belt, etc. You can obtain certification online if you get a lead for a job. If you choose to take this training, it is given by e-trantiday.com and ranges from $30 to $60 per participant.

Note 8: This information will be taught at initial training but this training may not meet your state's requirements. This training is done by the Franchisor and the price of this training is included in your Initial Franchise Fee. If your state requires a meth decontamination certification, then you must obtain this certification prior to opening your Franchised Business.

Note 9: If you work in the field, no others are required to attend this training. Bio-recovery and meth decontamination training is included in Initial Franchise Training. If you do not have the ability to attend training yourself, you have the option of sending employees to us. You must have one person actively involved in the field who we have certified for bio-recovery and meth decontamination. If you are involved in the business but only in the office and not doing service in the field, another person (supervisor) must attend our training and be certified for meth decontamination and bio-recovery. This training is done by the Franchisor and the price of this training is included in your Initial Franchise Fee.

Additional and Supplemental Training

Franchisor may offer supplemental training to Franchisee at Franchisee's Operations Center ("Supplemental Training"). Franchisor reserves the right to reject any Franchisee requested for Supplemental Training. If Franchisor does accept Franchisee's request for Supplemental Training, then Franchisee will be required to pay the then-current Training Fee, which is currently $500 per trainer per day plus reimbursement for travel and hotel accommodation expenses that Franchisor's trainers reasonably incur if Supplement Training occurs within the Designated Territory of Franchisee.

D. Obligations After Opening

1. We will provide you with continuing consultation and advice, to the extent we deem necessary and appropriate in our sole discretion, regarding the management and operation of the Franchised Business. We will provide this assistance, at our discretion, by telephone, facsimile, intranet communication and on-site visits. If you require and request additional on-site assistance from us, or are required to receive Supplemental Training, we will provide you with this assistance at our then-current Training Fee, plus expenses, including our travel and lodging expenses. (Section 6.4 of the Franchise Agreement).

2. To the extent we deem necessary, we will provide specifications for and designate sources of supply from which you agree to purchase equipment, inventory, goods and supplies necessary for the ongoing operations of your Franchised Business. (Section 6.2 of the Franchise Agreement).

3. We may, in our discretion, hold the Annual Conference at a location to be selected by us. We will determine the topics and agenda for this conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding Franchised Business operations and programs, and recognizing franchisees for their achievements. We may require you to attend the Annual Conference and pay our then-current registration

fee, which is currently up to $1,000 per attendee. If your spouse would also like to attend the Annual Conference, they must pay a Conference Fee of up to $600. All expenses, including your and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use expenditures from the Fund for purposes related to the Annual Conference, including costs related to production, programs, and materials. If you fail to attend the Annual Conference, we may charge you the then-current Annual Conference Fee as well as a fine of $3,000 for failing to attend. (Section 6.6 of the Franchise Agreement).

4. We will continue to develop and modify our System, and designate additional products and services to be offered by you in operating your Franchised Business. You must sell all proprietary products and services we designate for use in connection with the System at your Franchised Business. (Section 7.5.1 of the Franchise Agreement).

5. We may, in our sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or training courses to assist you in the operation of your Franchised Business. Up to five (5) days per year, we may require you and your Designated Manager(s) and/or employees, to attend such training at our then-current Training Fee for providing such training. All expenses, including your and your Designated Manager(s)', and/or employee(s)' transportation, meal, and lodging expenses to attend such training will be your sole responsibility. (Section 6.4 of the Franchise Agreement).

Advertising

National Brand Fund

We have established a National Brand Fund (the "Fund") for advertising and brand marketing purposes. (Section 12.5 of the Franchise Agreement). You are required to participate in and contribute greater of (i) one and one-half percent (1.5%) of weekly Gross Sales, or (ii) $100 per week to the Fund. We have the right to use contributions to the Fund, in our sole discretion, to develop, produce, and distribute national, regional, and/or local advertising and promotions to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by the System. (Section 12.4 of the Franchise Agreement). We may use the Fund to meet certain costs related to maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials (via both digital and traditional channels and creative), and any other activities which we believe will enhance the image of the System. Furthermore, we may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine, and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of holding an Annual Convention, and personnel and other departmental costs for advertising we internally administer or prepare. Not all System franchisees will benefit directly or on a pro rata basis from the Fund's expenditures. (Section 12.4 of the Franchise Agreement). While we do not anticipate that any part of the Fund will be used for advertising or public relations that are principally a solicitation for the sale of additional franchises, we reserve the right to include a notation in any advertisement indicating "Franchises Available." (Section 12.4 of the Franchise Agreement).

Advertising materials will be prepared by us and by outside sources. There is no requirement that the Fund be audited. We will prepare on an annual basis, and will have available to you within 90 days of the end of the fiscal year, a statement of contributions and expenditures for the Fund, which will be provided to you upon your written request. (Section 12.4.4 of Franchise Agreement).

In our fiscal year ending December 31, 2022, the Fund contributions were expended as follows: (i) Professional Fees (59%); (ii) Software (22%); (iii) Marketing (12%); and (iv) Website (7%).

National Brand Fund Contribution in Connection With Real Estate Transaction

In lieu of paying the standard Brand Fund Contribution detailed above, your National Brand Fund Contribution in connection with a real estate transaction depends on whether the transaction is (i) a real estate purchase, or (ii) a wholesale deal. A real estate purchase includes all strategies such as a buy and hold or fix and flip, where the title of the real estate transfers into your name or the name of an entity in which you own any interest. The Brand Fund Contribution in connection with a real estate purchase is as follows:

Payment Structure in Connection with Real Estate Purchase	
$0.00 - $25,000.00	$500.00
$25,000.01 - $50,000.00	$500.00
$50,000.01 - $75,000.00	$500.00
$75,000.01 - $100,000.00	$500.00
$100,000.01 - $200,000.00	$1,000.00
$200,000.01 - $300,000.00	$1,000.00
$300,000.01 +	$1,000.00

Your Brand Fund Contribution in connection in connection with a Wholesale Deal is:

Payment Structure in Connection with Wholesale Deal	
Applies to **All** Wholesale Transactions	One and one-half percent (1.5%) of Assignment Fee as indicated on HUD

Local Advertising and Promotions Requirement

You are not authorized to engage in any marketing unless we pre-approve such marketing materials. You are required to engage in local marketing and you are required to commit and spend an amount equal to the greater of (i) two percent (2%) of your monthly Gross Sales, or (ii) $2,500 per month on your local marketing efforts. We will make available to you and provide you with access to our approved brochures, displays, presentations, and marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs and design specifications. However, you will incur the direct costs associated with duplicating and utilizing such marketing campaigns and in having such campaigns printed, distributed, and/or placed with media sources. You must submit to us, at least 15 days prior to publication or use, samples of all sales, promotional, and advertising materials you desire to use and which we have not previously approved, including, but not limited to, online ads (not including social media posts), print ads, signage, supplies, and packaging. Our failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a rejection. We are not required to spend any amount on advertising in your Designated Territory. (Section 12.6 of the Franchise Agreement).

Regional Advertising Cooperative

There are currently no regional Cooperatives in existence for the System. However, we have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional Cooperative, and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time you begin operating under the Franchise Agreement, you must immediately become a member of this Cooperative. If a

Cooperative applicable to the Franchised Business is established at any later time during the term of the Franchise Agreement, you must become a member of this Cooperative no later than 30 days after the date on which the Cooperative begins operation. If your Franchised Business is within the Territory of more than one Cooperative, you must be a member of only one of these Cooperatives. (Section 12.5 of the Franchise Agreement).

Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. (Section 12.5.1 of the Franchise Agreement). Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising and promotions. (Section 12.5.2 of the Franchise Agreement). No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All plans and materials must be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. (Section 12.5.3 of the Franchise Agreement). All activities and contributions to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative, subject to our approval, which we will not unreasonably withhold. Such contributions may exceed the Local Advertising and Promotions Requirement; provided, however, that you will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement. (Sections 12.5.4 and 12.5.6 of the Franchise Agreement).

Each member franchisee must submit to the Cooperative, no later than the 15th of each month, for the preceding month, its respective contribution as provided in the Franchise Agreement together with other statements or reports as we may require or as may be required by the Cooperative with our approval. (Section 12.6.5 of the Franchise Agreement). No other annual or periodic financial statements need to be provided by the Cooperative other than those submitted by its member franchisees.

We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of the franchisee stating reasons supporting this exemption. Our decision concerning this request for exemption will be final. (Section 12.5.7 of the Franchise Agreement).

Advertising Council and Advisory Council

We reserve the right to create an advertising council (the "Advertising Council") and advisory council ("Advisory Council") in the United States. The Advertising Council serves in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund. At our discretion, the Advertising Council is comprised of our management representatives, employees, you and/or other franchisees in the System. We have the right to modify or dissolve an Advertising Council at any time. (Section 12.5 of the Franchise Agreement).

The Advisory Council serves in an advisory capacity to us with respect to system and operations, including providing advice/guidance on improving the system. At our discretion, the Advisory Council is comprised of our management representatives, employees, you and/or other franchisees in the System. We have the right to modify or dissolve the Advisory Council at any time. (Section 12.5 of the Franchise Agreement).

SEO and Digital Marketing Fee

You must pay us or our approved supplier the then-current SEO and Digital Marketing Fee each month, which is currently $1,000 per month, to provide certain SEO and digital marketing services for your Franchised Business. This fee will not exceed $1,500 per month.

<u>Computer System</u>

You must purchase and use any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and you must also purchase such computer hardware as may be necessary for the efficient operation of the Software. We have the right to require you to update or upgrade computer hardware components and/or Software as we deem necessary from time to time. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or Software. Although you must buy, use, and maintain computer hardware and Software meeting our standards and specifications, you will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance, and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained, and upgraded. (Section 7.9 of the Franchise Agreement).

You must purchase and maintain (a) one (1) new notebook computer to be utilized from your Operations Center that must possess internet access permitting your access to and utilization of our designated Business Management System, and (b) a tablet computer with broadband wireless internet access for Approved Vehicle that you operate. You must utilize the Business Management System that we designate. The Business Management System will be considered part of our Confidential Information. We shall have the right to independently access all data contained on the Business Management System, as well as any other software used by you in the operation of the Franchised Business, and you must take any and all actions specified by us to ensure that we have this access to the Business Management Software and/or other Software. (Section 7.9.1 of the Franchise Agreement).

You are required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and you may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with us and other System franchisees; and (v) participate in online training. You must agree to use the facilities of any such area computer network, intranet system, or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements. (Section 7.10 of the Franchise Agreement).

We estimate that the cost of obtaining the required computer system will be roughly between $5,700 to $6,000 if you currently own none of the required hardware, and we estimate that the annual costs of any optional or required maintenance, updating, or support contracts will be approximately $1,500 per year.

You and your Designated Manager(s) must maintain System email accounts, which will be provided to you and you must give us electronic access to information on your company computer and hosted by software providers. No contractual limitation exists on our right to access the information. We may require you to upgrade or update your computer hardware, software, and other office equipment. No contractual limitation exists on the frequency or cost of this obligation. We will have independent access to any data which you collect electronically.

Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have established an Internet website that provides information about the System and the products and services offered. We have sole discretion and control over the website (including timing, design, contents, and continuation). We may, but are not obligated to, create interior

pages on our website(s) that contain information about your Franchised Business and other System businesses. If we do create these pages, we may require you to prepare all or a portion of the page for your Franchised Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Sections 12.2.1 and 12.2.2 of the Franchise Agreement).

You must not establish or maintain a separate website, splash page, social media profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the brand, System, or Franchised Business. All websites for Franchised Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by you to create and manage individual websites. (Section 12.2.3 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2.4). You acknowledge that we and/or our affiliates are the lawful, rightful, and sole owner of the Internet domain name http://spauldingdecon.com as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words (Franchise Agreement, Section 12.2.5).

Call Center

We reserve the right to establish and maintain a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee as set forth in Item 12 of this Disclosure Document ("Call Center"). If established, you must comply with our procedures for using the Call Center as we specify in the Operations Manual or otherwise in writing, including any fees due in connection with the Call Center. We will have the absolute right to receive all customer calls and subsequently service, route and/or assign work orders or inquiries resulting from such calls as we deem appropriate in our sole discretion. All Franchised Business-related phone numbers and internet lead sources are required to be posted to or directed to the Call Center.

We may operate the Call Center or we may delegate operation of the Call Center to our affiliate or other third-party. Your participation in the Call Center is mandatory and all Call Center services are provided "as-is" and we do not guarantee any certain number of jobs or leads from the Call Center.

ITEM 12
TERRITORY

You will operate the Franchised Business from one site located in your Designated Territory (defined below) and you may not relocate the Franchised Business without our prior written consent, which we will not unreasonably withhold, provided: (i) you secure an alternate location for the Franchised Business within the Designated Territory (defined below); and (ii) you reimburse us for the reasonable costs and expenses that we incur in connection with evaluating and approving the proposed relocation. If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms or destruction of the Operations Center, we will not unreasonably withhold our written consent to relocate.

Franchise Agreement: Designated Territory

You will typically receive a territory which will consist of a geographic area that includes a population of up to 350,000 people ("Territory") (collectively, the "Designated Territory"). The number of homes will be determined based on U.S. Census Bureau data or other publicly available data that we believe to be more reliable and will be determined based on raw data and without regard to demographics or age. You must follow our territory policy (the "Territory Policy") which states that you may accept customers from outside your Designated Territory as long as (i) these customers do not reside in the Designated Territory of another franchisee (unless that other franchisee consents), and (ii) you do not generate more than 10% of your Gross Sales from customers outside of the Designated Territory. Your Gross Sales will include Gross Sales generated from customers outside of your Designated Territory. If you fail to follow the Territory Policy by providing services outside of your Designated Territory without our consent, or provide Approved Products or Approved Services in the designated territory of another franchisee, you may be fined in an amount up to $20,000.

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. For so long as you are in compliance with the terms of your Franchise Agreement, we will not (i) establish any other business utilizing the Proprietary Marks and System from a location within your Designated Territory, or (ii) reduce or alter the size of your Designated Territory if the population within the Designated Territory increases. We will also not increase the size of your Designated Territory if the population decreases. We may establish alternate channels of distribution selling similar services and products, including e-commerce, the Internet, mail order or catalogs. We are not required to pay you any compensation for soliciting or accepting orders inside your territory obtained through these alternative channels of distribution. Although at this time we have no plans to establish other franchises or company-owned or other channels of distribution selling or leasing similar products or services under a different trademark, there is nothing in the Franchise Agreement that prohibits us from doing so and we expressly reserve the right to do so.

Reservation of Rights under the Franchise Agreement

The rights granted under the Franchise Agreement do not include any right to: (i) offer any product or service via e-commerce; (ii) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation of the Proprietary Marks; (iii) sell merchandise via wholesale; or (iv) otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

Under the Franchise Agreement, we and our affiliates have the right, in our sole discretion, to: (i) own and operate a Franchised Businesses at any location(s) outside of your Designated Territory under the same or different marks, or to license others the right to own and operate Franchised Businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; (iii) own and operate Franchised Businesses or other businesses, or market similar products and services, at any location(s) inside your Designated Territory under different marks, or to license others the right to own and operate Franchised Businesses or businesses, or market products and services at any location(s) inside your Designated Territory under different marks; (iv) engage and license others to engage in any other activities not expressly prohibited in the Franchise Agreement; and (v) engage and services National Accounts in your Designated Territory.

Certain of our or our affiliate's products or services, whether now existing or developed in the future, may be distributed in your Designated Territory by us, our affiliates, or our franchisees, licensees or designees, in such manner and through such alternate channels of distribution as we, in our sole discretion, shall

determine. Such alternate channels of distribution will include, but are not limited to, sales of any products under the Proprietary Marks at or through the Internet or stores. The Franchise Agreement grants you no rights to: (i) distribute such products in alternate channels of distribution; or (ii) share in any of the proceeds received by any such party.

National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a business whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). "National Account" includes any third-party administrator (TPA) insurance-based accounts or any other preferred vendor national contracts. We or any party we may designate shall have the right to perform the services for the National Account within your Protected Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration for work performed by others in your Protected Territory for National Accounts. If you cause any disrepute to us or the System, we may withhold your ability to service a National Account. You are required to sign up and meet the qualifications for each of our National Accounts as set forth in our Operations Manual.

Call Center and Servicing Customers Within in Your Protected Territory

We reserve the right to establish a Call Center and if established, you must ensure that all initial calls made to your Franchised Business are forwarded to our System-wide call center ("Call Center"). We reserve the right to outsource our Call Center services or to discontinue these services at any time.

If established, once a customer's call is routed to our Call Center and we have set up an assignment, we will route that customer's work to you if the customer's location (where the work will be performed) is within your Designated Territory, unless: (i) we determine that the work is in the nature of an emergency and (a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large scope and/or commercial nature that we determine, in our sole discretion, that your Franchised Business is not capable of performing the work requested in accordance with our System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the Franchised Business in compliance with the Franchise Agreement; or (v) an area that includes your Designated Territory has been subjected to a disaster or catastrophe as determined solely by us.

It is important for us to have the right to route customers from our Call Center as described in this Item so that we can protect the integrity and goodwill of our System, and account for inadvertent mistakes by our customers and our Call Center. You do not have any right to share in the sales generated from customers that are serviced within your Designated Territory unless your Franchised Business is assigned and subsequently services that customer.

Additional Disclosures

The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Businesses. Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement. You must meet our then-current qualifications for new franchisees, as set forth in our then-current Franchise Agreement, to qualify for additional businesses.

We do not have plans to operate or franchise a business under trademarks different from the Proprietary Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13
TRADEMARKS

We grant you the right to operate the Franchised Business under the word mark "Spaulding Decon," as described more fully in the table below. You may also use our other current or future trademarks to operate your Franchised Business. The term "trademark" includes service marks, trade names, slogans, insignia, logos, labels, and trade dress.

The following are our Proprietary Marks that have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"), or for which applications for registration have been submitted:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Spaulding Decon (Word Mark)	4952547	May 3, 2016
Holding Hands Logo (Design Mark)	4952542	May 3, 2016
Last Responders	6734928	May 24, 2022

The Proprietary Marks are owned by our affiliate SDC and SDC granted us a license with an initial twenty-year term and with automatic renewal thereafter to use the Proprietary Marks and to license our franchisees the right to use the Proprietary Marks. SDC and Franchisor, as applicable, have filed all required affidavits with the USPTO for the Proprietary Marks.

We have filed all applications for the Proprietary Marks listed above. There is currently no litigation pending or arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right, though not the obligation, to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation, and to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We also have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.
We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue use of a website using the Proprietary Marks.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Franchised Business and only at the Franchised Business or in advertising for the Franchised Business. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products, which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Spaulding Decon.” You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under your assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically

permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, stationery, business cards, forms, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing in or on the Approved Vehicle.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights that are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the System including our Operations Manual, advertising, and business materials.

There are no current determinations, proceedings, or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials at our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to: information regarding the setup of a Franchised Business; information about proprietary merchandise; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, design, equipment layout, and lighting; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; merchandise sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the "Confidential Information").

You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it in order to operate the Franchised Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy in an effort to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process, or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process, or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process, or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process, or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business. During the first six months of operation, you may not have a full-time job outside of operating the Franchised Business. You may, however, delegate the day-to-day management of your Franchised Business to a manager who owns an interest in the franchisee entity (the "Designated Manager"). We must approve your Designated Manager and your Designated Manager must successfully complete our Initial Training Program before assuming any managerial responsibility. Even if you have appointed a Designated Manager that is approved by us, our offering assumes that you will still participate in the day-to-day management of the Franchised Business. If your Designated Manager leaves the Franchised Business, you must either (i) manage the day-to-day operations of the Franchised Business yourself, or (ii) find a replacement Designated Manager that is approved by us within 15 days.

Your Franchised Business must be staffed by you (or one of your principals that has completed our Initial Training Program) and/or your Designated Manager at all times. In the event that you operate more than one Designated Territory, you must have one (1) or more properly trained Designated Manager(s) who has been approved by us at each location. You shall keep us informed at all times of the identity of any employee acting as a Designated Manager of a Franchised Business. Designated Managers shall devote their full time and best efforts to the day-to-day operation and management of the Franchised Business and shall not engage in any other business activity without our prior written consent.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any managers. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

You must obtain and furnish to us signed confidentiality and non-competition agreements (attached as Exhibit C to the Franchise Agreement) from your manager and other personnel having access to our Confidential Information by virtue of their relationship with you. All principals of the franchisee entity will be required to personally guarantee all of the obligations of the "franchisee" under the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct your business in accordance with our Operations Manual and policies in order to protect our reputation and goodwill and to maintain our high standards of operation under our Proprietary Marks. You must use the Operations Center solely for the operation of the Franchised Business, and must keep the Operations Center open and in normal operation for the hours and days we may specify in the Operations Manual or as we may otherwise approve in writing.

You are prohibited from offering or selling any products or services not authorized in writing by us. The non-competition of this agreement (Item 17) does not permit you to have ownership or interest in a competing business, including any operation, formal or otherwise, of a business that offers any of the products or services provided by System Franchised Businesses. Any and all services you provide to your customers must be provided in accordance with the standards established by us.
You are not limited in the customers you may serve from your Franchised Business, but you may not serve customers who reside in the Designated Territory of another System Franchised Business without obtaining the prior written consent of the owner of the Designated Territory where that customer resides. You are not permitted to distribute Approved Products on a non-retail or wholesale basis without our prior written consent.

You may offer for sale and sell only those services and products we designate, and you must sell all services and products we designate. We have the right to change the types of designated services and products, and there are no limits on our right to do so. If you wish to sell additional services or products, you must follow the approval process outlined in Item 8 of this Disclosure Document.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP UNDER THE FRANCHISE AGREEMENT

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2.1	Term of ten (10) years, beginning on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	2.2	If you meet our conditions for renewal, you may renew your Franchise Agreement for one (1) additional ten (10) year term.

	Provision	Section in Franchise Agreement	Summary
c.	Requirements for you to renew or extend	2.2	In order to renew, you must: (a) notify us of your intent to renew at least 90 days but no more than 180 days, prior to expiration of the current term; (b) demonstrate that you have the right to operate the Franchised Business for the duration of the renewal term; (c) complete all required renovations; (d) not be in breach of any agreements with us, our affiliates, or our major suppliers and vendors; (e) satisfy all monetary obligations to us, our affiliates, and our major suppliers and vendors; (f) sign our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement; (g) satisfy our then-current training requirements for renewal franchisees; (h) sign a general release; and (i) pay us a renewal fee of $10,000.
d.	Termination by you	No Provision	Not Applicable
e.	Termination by us without cause	No Provision	Not Applicable
f.	Termination by us with cause	15	We may terminate your Franchise Agreement with cause.
g.	Cause defined - default which can be cured	15.3	We may terminate your Franchise Agreement following a 15-day cure period if you: (a) fail to pay sums owed to us, our affiliates, or our major vendors and suppliers; (b) under-report Royalty or any advertising payments by more than 2% or fail to submit timely reports or payments for any two (2) reporting periods in a 12-month period; (c) fail to immediately endorse and deliver to us any payments due to us from a third party that are erroneously remitted to you; (d) fail to maintain sufficient levels of inventory; (e) fail to timely open your Franchised Business; (f) fail to maintain the required days and hours of operation at your Franchised Business; (g) fail to personally or have a Designated Manager(s) supervise the day-to-day operation of the Franchised Business; (h) fail to maintain the strict quality controls reasonably required by your Franchise Agreement and/or the Operations Manual; (i) conduct yourself in a manner that reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System; (j) fail to secure your site by the deadline outlined in the Site Selection Addendum; (k) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Franchised Business; and (l) fail to secure an Approved Vehicle.
		15.4	We may terminate your agreement following a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of your Franchise Agreement or any ancillary agreements between you and us or our affiliates.

	Provision	Section in Franchise Agreement	Summary
h.	Cause defined - default which cannot be cured	15.1	Your Franchise Agreement will automatically terminate if: (a) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (b) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and the proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchised Business without your consent, and the appointment is not vacated within 60 days; or (c) you attempt to make an unauthorized sale or transfer of you or any interest in the Franchised Business.
		15.2	We may terminate your Franchise Agreement upon notice but without providing you with an opportunity to cure if: (a) you or your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of your Franchised Business; (b) you or your principals commit any fraud or misrepresentation in the operation of your Franchised Business; (c) you or your principals make any misrepresentation or omission in connection with your franchise application; (d) you fail to successfully complete initial training; (e) we send you two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 of your Franchise Agreement in any 12-month period; (f) you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any agreement, and fail to cure the breach within any permitted period for cure; (g) you or your principals materially violate any provision of the Franchise Agreement relating to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information; (h) you violate any health, safety or sanitation law, ordinance or regulation, or operate the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public; (i) you violate the in-term restrictive covenant in your Franchise Agreement; (j) a levy of writ of attachment or execution or any other lien is placed against you or your principals or any of their assets which is not released or bonded against within 30 days; (k) you or your principals become insolvent; (l) you abandon the Franchised Business; (m) you offer any unauthorized and unapproved products or services at or from the Franchised Business; (n) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from any currently unapproved supplier or any supplier which we have not approved; (o) you misuse or make unauthorized use of our Proprietary Software; (p) you fail to maintain insurance or otherwise adhere to our insurance requirements; (q) you fail, within 15 days after

	Provision	Section in Franchise Agreement	Summary
			notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business; (r) any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (s) you fail to comply with the anti-terrorist provision of your Franchise Agreement; (t) you take for your own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits; or (u) there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period.
i.	Your obligations on termination/ non-renewal	16.1	Upon termination, non-renewal, or transfer, you must, at your own cost and expense: (a) cease immediately all operations under the Franchise Agreement; (b) pay us immediately all unpaid fees and pay us, our affiliates, and our major suppliers and vendors, all other monies owed; (c) discontinue immediately the use of the Proprietary Marks; (d) immediately return the Operations Manual, along with all other manuals and Confidential Information we loaned to you, and immediately and permanently cease use of the Confidential Information; (e) immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to us or our designee or, if we direct, disconnect the numbers; (f) promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as we direct; (g) cease to hold yourself out as our franchisee; (h) take the necessary actions required to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark we licensed to you, and provide us with evidence of this within 30 days after the termination, expiration or transfer of your Franchise Agreement; (i) permit us to make final inspection of your financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer; (j) comply with the post-termination covenants set forth in Section 17 of your Franchise Agreement; (k) cease to use in advertising or in any other manner, any methods, procedures or techniques associated with us or the System; (l) transfer all rights and access to any proprietary software program used in connection with the Franchised Business; and (m) sign from time to time any necessary papers, documents, and assurances to effectuate any of the obligations listed in Section 16 of the Franchise Agreement.

	Provision	Section in Franchise Agreement	Summary
		16.2	You appoint us as your attorney-in-fact to execute in your name and on your behalf, all documents necessary to discontinue your use of the Proprietary Marks and the Confidential Information.
j.	Assignment of contract by us	14.5	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Franchise Agreement in our sole discretion.
k.	"Transfer" by you - definition	14.3	A "transfer" occurs: (a) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (b) if you are a partnership, upon the assignment, sale, pledge, or transfer of any fractional partnership ownership interest; or (c) if you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	14.1	You shall not sell, transfer, assign or encumber your interest in the Franchised Business without our prior written consent. Any sale, transfer, assignment or encumbrance made without our prior written consent will be voidable at our option and will subject your Franchise Agreement to termination.
m.	Conditions for our approval of transfer	14.3.2	We may condition our approval of a transfer on the following occurrences: (a) all of your monetary obligations to us, our affiliates, and our major suppliers and vendors are satisfied; (b) you have cured all existing defaults under the Franchise Agreement or any other agreement with us, our affiliates, and our major suppliers and vendors; (c) you and your principals, and the transferee, have executed a general release; (d) you or the transferee have provided us with the executed purchase agreement relating to the proposed transfer, along with all supporting documents and schedules; (e) the transferee has demonstrated that he/she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; has adequate financial resources and capital to meet the performance obligations under the Franchise Agreement; and is not in the same business as us; (f) the transferee executes our then-current form of franchise agreement for the unexpired term of your Franchise Agreement; (g) you or the transferee pays us a transfer fee equal to $15,000; (h) the transferee satisfactorily completes our Initial Training Program; (i) you, your principals, and your family members comply will the post-termination provisions of your Franchise Agreement; (j) the transferee obtains all permits and licenses required for the operation of the Franchised Business; (k) to the extent required, the lessors or other parties must have consented to the proposed transfer; (l) the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; (m) the purchase price and terms of the proposed

	Provision	Section in Franchise Agreement	Summary
			transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and the transferee's performance under its franchise agreement; (n) you must request that we provide the prospective transferee with our current form of franchise disclosure document; (o) our approval of the transfer shall not constitute a waiver of any claims we may have against you; (p) we may disclose to any prospective transferee such revenue reports and other financial information concerning you and your Franchised Business; (q) in any event, we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise; and (r) you are responsible for the payment of all commissions or other monies due from the sale of the Franchised Business if (i) you listed the Franchised Business with a broker, or (ii) the transferee is referred to us by a broker lead referral network or otherwise.
n.	Our right of first refusal to acquire your business	14.3.1	If you propose to transfer either the Franchise Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in your lease to any third party, you shall first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party ("Letter of Intent"). If we decline the offer within a 30-day period, you will have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
o.	Our option to purchase your business	16.3	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase any personal property used in connection with operation of your Franchised Business by providing you written notice within 60 days after such termination or expiration and paying you the book value for such personal property within 60 days of the notice. We may exclude from the personal property purchased any cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that we have not approved as meeting our standards for the Franchised Business.
p.	Your death or disability	14.2	In the event of your or your Designated Manager's death, disability, or incapacitation, your or your Designated Manager's legal representative must transfer your interest in the Franchise Agreement, or the Designated Manager's ownership interest in you, if any, to a third party (which may be your or the Designated Manager's heirs, beneficiaries, or devisees) that we must approve, in our sole discretion. That transfer must be completed

	Provision	Section in Franchise Agreement	Summary
			within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in Section 14 of the Franchise Agreement. If a certified Designated Manager is not managing the Franchised Business, your or the Designated Manager's legal representative must appoint a manager no later than 15 days from the date of death or disability. The manager must complete our standard Initial Training Program at your expense. A new Designated Manager acceptable to us also must be appointed within 30 days. If we determine that the Franchised Business is not being managed properly any time after your or the Designated Manager's death or disability, we may, but have no obligation to, assume the Franchised Business's management (or appoint a third party to assume its management). We may charge you (in addition to the Royalty, Brand Fund Contributions, and other amounts due under the Franchise Agreement) a reasonable amount of compensation, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the Franchised Business's management.
q.	Non-competition covenants during the term of the franchise	17.1	You may not own, maintain, engage in, be employed by, lend money to, extend credit to, or have any interest in any business that offers or that is the same as or similar to a Spaulding Decon Business including, but not limited to, any business that offers and/or provides services and/or products relating to professional bio-hazard cleaning and removal services, including crime scene cleanup, decontamination and disinfection, microbial remediation, hoarding cleanup, meth lab testing, decontamination and cleanup, and restoration services (a "Competing Business").
r.	Non-competition covenants after the franchise is terminated or expires	17.2.1 17.2.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, you may not enter into any business competing in whole or in part with us in granting franchises or licenses to operate a Competing Business at the time your Franchise Agreement is terminated or otherwise expires and is not renewed. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, regardless of the cause, you may not: (a) own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal, (1) within your Territory, or (2) within a radius of 15 miles of the perimeter of (i) your Territory, or (ii) any other Territory licensed by us as of the date of expiration or termination of your Franchise Agreement; or (b) interfere with our business relationships or with anyone or any entity with which we have a business relationship.
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may not be modified except by a written document signed by both parties.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/ merger clauses	22.1	The Franchise Agreement constitutes the entire agreement by the parties. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u.	Dispute resolution by arbitration or mediation	18.2-18.3	You must bring all disputes before our President and/or Chief Executive Officer prior to bring a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Tampa, Florida in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v.	Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Hillsborough County, Florida, or the United States District Court for the Middle District of Florida. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Hillsborough, Florida, and the United States District Court for the Middle District of Florida (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of the State of Florida (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise, but we reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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

This Item sets forth certain historical financial data and other information reported by our franchisees (each, a "Representative Franchisee") and our affiliate-owned location (the "Affiliate Location") that operates in three (3) Territories.

As of December 31, 2022, our fiscal year end, there were a total of 29 Representative Franchisees operating 40 Territories in the System. Part I of this Item sets forth the total Gross Sales generated by 22 Representative Franchisees operating in a total of 29 Territories during the 2022 calendar year. We excluded

information from Part I in connection with 7 franchisees operating in 11 Territories since those franchisees opened during the 2022 calendar year and otherwise were not open for an entire year.

Part II of this Item sets forth the total Gross Sales generated by the Affiliate Location during the 2022 calendar year.

Part I: Total Gross Sales for Each Representative Franchisee During The 2022 Calendar Year

	Date Opened	Number of Territories	Total Gross Sales
Franchisee 1	February 1, 2018	1	$346,731.20
Franchisee 2	May 16, 2018	1	$441,436.87
Franchisee 3	August 1, 2018	2	$662,323.61
Franchisee 4	September 1, 2018	1	$499,933.95
Franchisee 5	November 1, 2018	1	$290,205.61
Franchisee 6	December 10, 2018	2	$530,717.11
Franchisee 7	July 1, 2020	2	$233,322.29
Franchisee 8	July 27, 2020	2	$680,578.55
Franchisee 9	August 1, 2020	1	$258,699.32
Franchisee 10	August 20, 2020	2	$1,398,388.24
Franchisee 11	October 5, 2020	1	$392,569.81
Franchisee 12	October 9, 2020	1	$273,125.54
Franchisee 13	October 20, 2020	2	$440,481.68
Franchisee 14	February 5, 2021	1	$158,633.22
Franchisee 15	July 19, 2021	1	$109,055.00
Franchisee 16	January 11, 2021	1	$242,873.35
Franchisee 17	November 1, 2021	1	$286,314.52
Franchisee 18	February 23, 2021	1	$520,809.78
Franchisee 19	March 31, 2021	1	$159,104.46
Franchisee 20	May 24, 2021	1	$510,005.17
Franchisee 21	October 18, 2021	2	$441,436.87
Franchisee 22	November 18, 2021	1	$403,572.50

Explanatory Notes to Part I:

1. "Date Opened" means the date that the Representative Franchisee opened in its first Territory.

2. "Total Gross Sales" includes all revenue from the sale of all products and performance of services from the Representative Franchisee, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Representative Franchisee, including any consideration that received from third-party vendors/suppliers. "Gross Sales" from customers does not include monies that are collected and submitted by a Representative Franchisee for transmittal to the appropriate taxing authority.

Part II: Total Gross Sales for the Affiliate Location During The 2022 Calendar Year

Location	Date Opened	Number of Territories	Total Gross Sales
Affiliate Location	November 1, 2005	3	$803,709.28

Explanatory Notes to Part II:

1. "Total Gross Sales" includes all revenue from the sale of all products and performance of services from the Affiliate Location, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Affiliate Location, including any consideration received from third-party vendors/suppliers. "Gross Sales" does not include monies that are collected and submitted for transmittal to the appropriate taxing authority.

Explanatory Notes to Item 19:

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

2. Written substantiation of the data used in preparing this information will be made available upon reasonable request. The information contained in this Item was reported to us by the operator of each business. We have not audited this information, and we have not independently verified some of this information.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Franchised Business, however, we may provide you with the actual records of that Franchised Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Laura Spaulding, Spaulding Decon Industries, Corp. at 1032 E Brandon Blvd. #8338, Brandon, FL 33511, and (813) 298-7122.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For fiscal years ending December 31, 2020, 2021, 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2020**	17	27	+10
	2021	27	37	+10
	2022	37	40	+3
Company-Owned or Affiliate-Owned	**2020**	3	3	0
	2021	3	3	0
	2022	3	3	0
Total Outlets	**2020**	**20**	**30**	**+10**
	2021	**30**	**40**	**+10**
	2022	**40**	**43**	**+3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For fiscal years ending December 31, 2020, 2021 and 2022

State	Year	Number of Transfers
GA	2020	4
	2021	0
	2022	0
Total	**2020**	**4**
	2021	**0**
	2022	**0**

Table No. 3
Status of Franchised Outlets
For fiscal years ending December 31, 2020, 2021, and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of the Year

Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Colorado	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Florida	2020	0	4	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	2	0	0	0	2	5
Georgia	2020	3	5	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	7	1
Illinois	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	5	0	0	0	5	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oregon	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	1	0	0	0	2
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3

	2022	3	1	0	0	0	0	4
Tennessee	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Texas	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Total	**2020**	**17**	**15**	**0**	**0**	**5**	**0**	**27**
	2021	**27**	**10**	**0**	**0**	**0**	**0**	**37**
	2022	**37**	**14**	**1**	**0**	**0**	**10**	**40**

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For fiscal years ending December 31, 2020, 2021 and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Michigan	2020	0	0	5	5	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	**2020**	**3**	**0**	**5**	**5**	**0**	**3**
	2021	**3**	**0**	**0**	**0**	**0**	**3**
	2022	**3**	**0**	**0**	**0**	**0**	**3**

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Illinois	1	2	0
Oregon	1	0	0
Total	**3**	**3**	**0**

A list of our franchisees as of the date of this Franchise Disclosure Document is attached as Exhibit G to this Disclosure Document. Additionally, a list of franchisees who have left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Franchise Disclosure Document will be attached as Exhibit H to this Disclosure Document as and when these situations occur. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

Over the past three years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with Spaulding Decon. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There is presently no trademark specific franchisee organization associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit C are our audited financial statements for our fiscal years ending December 31, 2020, December 31, 2021, and December 31, 2022, as well as our unaudited balance sheet and profit and loss statement as of April 30, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Disclosure Document:

Exhibit D - Franchise Agreement
- Exhibit A -- Personal Guaranty
- Exhibit B -- Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers, and Domain Names
- Exhibit C -- Confidentiality and Restrictive Covenant Agreement
- Exhibit D -- Electronic Funds Withdrawal Authorization

Exhibit E – Sample Termination and Release Agreement
Exhibit H – State Specific Addenda
Exhibit I – Franchisee Questionnaire
Exhibit K – Receipts

ITEM 23
RECEIPTS

Exhibit L of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: Spaulding Decon Industries, Corp., 1032 E Brandon Blvd. #8338, Brandon, FL 33511, Attn: Laura Spaulding.

EXHIBIT A
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA	**CONNECTICUT**
(state administrators) Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., #600 San Francisco, California 94104 (415) 972-8559 (agents for service of process) Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Department of Financial Protection and Innovation One Sansome Street #600 San Francisco, California 94104 Commissioner of Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677	(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner

HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117 (agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600 (agent for service of process) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600

NEW YORK (state administrator) Office of the New York State Attorney General Attention: Barbara Lasoff Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 (agent for service of process) New York Department of State Attention: UCC One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fourteenth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA Division of Securities Department of Labor & Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	**VIRGINIA** (state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733

WASHINGTON	**WISCONSIN**
(state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	(state administrator) Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703

EXHIBIT B

TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT C

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TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

© 2023 Spaulding Decon Industries, Corp.

SPAULDING DECON INDUSTRIES CORP.

Tampa, Florida

Financial Statements

At December 31, 2022 and 2021 and the Years Then Ended

(Together with Independent Auditor's Report)

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Spaulding Decon Industries Corp.
Tampa, Florida

Opinion

We have audited the financial statements of Spaulding Decon Industries Corp. (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in stockholder's deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements of the Company as of and for the year ended December 31, 2021, were audited by another auditor whose report dated August 31, 2022, expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 these financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
April 17, 2023

SPAULDING DECON INDUSTRIES CORP.

Balance Sheets

	At December 31,	
Assets	**2022**	**2021**
Current assets:		
Cash	$ 417,426	599,550
Accounts receivable, net	177,089	177,242
Prepaid expenses and other	3,000	22,770
Deferred contract costs	57,839	50,316
Total current assets	655,354	849,878
Due from related parties	1,873,959	715,444
Deferred contact costs, net of current	394,291	417,688
Property and lease equipment, net	35,203	10,065
Operating lease right-of-use asset	89,369	-
Intangible asset	26,000	26,000
Total assets	$ 3,074,176	2,019,075
Liabilities and Stockholder's Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	17,179	96,872
Operating lease liability	17,942	-
Deferred revenue	192,628	202,861
Notes payable	17,424	981
Total current liabilities	245,173	300,714
Operating lease liability, net of current portion	71,427	-
Deferred franchise fees, net of current portion	1,504,432	1,383,766
Notes payable, net of current portion	1,739,686	791,174
Total liabilities	3,560,718	2,475,654
Commitments and contingencies (Notes 8 and 9)		
Stockholder's deficit:		
Common stock, $1 par value, 100 shares authorized, issued and outstanding	100	100
Additional paid-in capital	34,900	34,900
Accumulated deficit	(521,542)	(491,579)
Total stockholder's deficit	(486,542)	(456,579)
Total liabilities and stockholder's deficit	$ 3,074,176	2,019,075

See Notes to Financial Statements.

SPAULDING DECON INDUSTRIES CORP.

Statements of Operations

	Year Ended December 31, 2022	2021
Revenues:		
Franchise fees and equipment sales	$ 514,332	458,624
Franchise royalties	1,138,654	738,102
National brand contribution	462,046	328,847
Other franchise revenue	269,930	256,171
Total revenues	2,384,962	1,781,744
Operating expenses:		
Payroll	1,320,193	864,310
Franchise costs	215,628	298,643
Professional fees	210,254	255,995
Advertising	102,128	118,946
Information technology	130,493	113,894
Broker fees	100,874	35,514
Insurance	40,707	33,607
Travel	21,633	30,823
Utilities	39,516	29,619
Videography	10,150	23,849
National accounts expense	35,629	16,838
Depreciation	8,606	3,715
General and administrative	85,491	58,175
Total operating expenses	2,321,302	1,883,928
Income (loss) from operations	63,660	(102,184)
Other (expense) income:		
Forgiveness of PPP loan and EIDL grant income	-	74,780
Interest expense, net	(79,571)	(15,499)
Other (expense) income	(13,760)	345
Total other (expense) income	(93,331)	59,626
Net loss	$ (29,671)	(42,558)

See Notes to Financial Statements.

SPAULDING DECON INDUSTRIES CORP.

Statements of Stockholder's Deficit

For the Years Ended December 31, 2022 and 2021

	Common Stock		Additional Paid-In	Accumulated	Total Stockholder's
	Shares	Amount	Capital	Deficit	Deficit
Balance, December 31, 2020	100	$ 100	34,900	(434,496)	(399,496)
Distributions	-	-	-	(14,525)	(14,525)
Net loss	-	-	-	(42,558)	(42,558)
Balance, December 31, 2021	100	100	34,900	(491,579)	(456,579)
Distributions	-	-	-	(292)	(292)
Net loss	-	-	-	(29,671)	(29,671)
Balance, December 31, 2022	100	$ 100	34,900	(521,542)	(486,542)

See Notes to Financial Statements.

SPAULDING DECON INDUSTRIES CORP.

Statements of Cash Flows

	Year Ended December 31,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (29,671)	(42,558)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	8,606	3,715
Revenues collected by related party	-	(131,282)
PPP loan collected by related party	-	(67,780)
Changes in assets and liabilities:		
Accounts receivable, net	153	(157,390)
Prepaid expenses and other	19,770	(13,845)
Deferred contract costs	15,874	(222,224)
Accounts payable and accrued liabilities	(79,693)	(42,166)
Deferred revenue	110,433	526,747
Net cash provided by (used in) operating activities	45,472	(146,783)
Cash flows from investing activities:		
Increase in due from related parties	(1,158,515)	(375,983)
Purchase of property and equipment	(33,744)	(8,004)
Net cash used in investing activities	(1,192,259)	(383,987)
Cash flows from financing activities:		
Proceeds from notes payable	964,955	653,755
Payment of debt issuance costs	-	(11,600)
Distributions	(292)	(14,525)
Net cash provided by financing activities	964,663	627,630
Net (decrease) increase in cash	(182,124)	96,860
Cash, beginning of year	599,550	502,690
Cash, end of year	$ 417,426	599,550
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 78,685	6,858
Operating lease right-of-use asset and operating lease liability recognized	$ 89,369	-

See Notes to Financial Statements.

(1) Description of Business

Spaulding Decon Industries Corp (the "Company") is headquartered in Tampa, Florida and was organized in the State of Florida on October 27, 2014 to offer territorial franchise opportunities to entrepreneurs throughout the United States of America who want to own and operate a Spaulding Decon franchise. Spaulding Decon franchises provide professional decontamination services specializing in bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup, and other services and products.

(2) Summary of Significant Accounting Policies

Basis of Presentation. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Common Control. The Company and certain affiliated companies are under the common control of the stockholder of the Company. The existence of that control could result in operating results or a financial position of the Company significantly different from that which would have been obtained if the entities were autonomous.

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. It is at least reasonably possible that our estimates could change in the near term with respect to this matter.

Revenue Recognition and Deferred Revenue. The Company generates almost all of its revenue from contracts with customers and accounts for such revenues under Accounting Standards Update 2014-09 (ASC 606), *Revenue from Contracts with Customers*, as such, revenue recognition is based on the timing of satisfaction of performance obligations. The Company's franchise agreements enter the parties into a contractual agreement, typically over a 10-year term with the option to renew for an additional 10 years, and include performance obligations as follows: protected territory designation, access to proprietary manuals and handbooks, initial training and on-going assistance, consulting, promotion of goodwill, administration of marketing fund, marketing and promotion items, initial marketing program development assistance, company website access, franchise management tool access, and use of the franchisor's intellectual property (IP) (e.g., trade name). The Company also charges an initial equipment and supply package fee and an initial technology fee, generally at fixed amounts, for the purchase of certain proprietary materials and equipment from a supplier that the Company designates and for the license related to the use of the Company franchise management tool. Initial franchise fees and initial technology fees are fully collectible and nonrefundable as of the date of the signing of the franchise agreement.

(continued)

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition and Deferred Revenue, Continued. Per the terms of the franchise agreements, the Company charges for royalty fees on a weekly basis based on the greater of the Minimum Royalty Fee, as defined, or eight percent (8%) of franchisee's weekly gross sales. The Company also charges for certain transaction related fees, including real estate transaction royalty fees and build-back services, if such transactions are entered into by the franchisee. These fees are recognized as franchise royalties' revenue in the accompanying statements of operations.

The Company also charges certain marketing and brand development fees at the greater of three percent (3%) of franchisee's weekly gross sales or a set minimum amount, as defined in the franchise agreement. Such fees are included in national brand contribution revenue in the accompanying statements of operations.

The Company considers initial franchise fees to be a part of the license of symbolic intellectual property ("IP"), therefore the performance obligation related to these fees is satisfied over time as the Company fulfills its promise to grant the customer rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred franchise fees at inception and recognized on a straight-line basis over the life of the franchise, which is typically the contract term.

The Company has determined that the initial technology fee, royalty fees, marketing and brand development fees, and other fees, if any, are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs, or the related performance obligation is satisfied. Additionally, the Company has determined that the performance obligations related to the initial equipment and supply package fee transfers at a point in time. Accordingly, this fee is recognized as revenue when the equipment and supplies are received by the franchisee.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification. Because the termination eliminates any future performance obligations of the Company, any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in franchise fees revenue on the accompanying statements of operations.

(continued)

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition and Deferred Revenue, Continued. The following table disaggregates the Company's revenues based on the timing of satisfaction of performance obligations:

	Year Ended December 31, 2022	2021
Performance obligations satisfied at a point in time	$ 216,015	365,469
Performance obligations satisfied over time	2,168,947	1,416,275
Total revenues	$ 2,384,962	1,781,744

Accounts Receivable and Credit Policies. Accounts receivable represent franchisee obligations due under terms described in the franchise agreement and are personally guaranteed by the principals of the franchisee. The Company reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt expense when deemed necessary. The Company records an allowance for doubtful accounts that is based on historical trends, customer knowledge, any known disputes, and considers the aging of the accounts receivable balances combined with management's estimate of future potential recoverability. Accounts receivables are written off against the allowance after all attempts to collect a receivable have failed. The Company believes all accounts receivable at December 31, 2022 and 2021 are collectible and no allowance is deemed necessary. Accounts receivable, net amounted to $177,089 and $177,242 at December 31, 2022 and 2021, respectively.

Deferred Contract Costs. Deferred contract costs, net is stated at gross deferred costs less accumulated amortization. The Company defers commissions paid for referrals related to the sale of franchise agreements with franchisees, if they are incremental and recoverable costs of obtaining a franchise agreement. Deferred contract costs are amortized over the estimated operating life of the related franchise, which is generally 10 years. The franchise operating life was estimated by considering factors such as expected client attrition rates, expected renewal rates and contractual term. The amortization period is adjusted for significant changes in the estimated remaining term of a contract and terminations of franchise agreements due to default of early termination provisions. An impairment of deferred contract costs is recognized when the unamortized balance of deferred contract costs exceeds the remaining amount of consideration, we expect to receive net of the expected future costs directly related to providing those services. The Company deferred incremental costs of obtaining a contract of $85,020 and $241,400 in the years ended December 31, 2022 and 2021, respectively. Deferred contract costs, net of accumulated amortization was $452,130 and $468,004 at December 31, 2022 and 2021, respectively. Total amortization expense for the years ended December 31, 2022 and 2021 was $100,874 and $35,514, respectively, and is classified within franchise costs in the accompanying statements of operations.

(continued)

(2) Summary of Significant Accounting Policies, Continued

Deferred Contract Costs, Continued. Amounts expected to be recognized into expense related to deferred contract costs that are unsatisfied (or partially unsatisfied) as of December 31, 2022 were as follows:

Year Ending December 31,	
2023	$ 57,839
2024	57,839
2025	57,839
2026	57,839
2027	57,839
Thereafter	162,935
	$ 452,130

Property and Equipment. Property and equipment are stated at cost. Major additions are capitalized, while minor additions and maintenance and repairs, which do not extend the useful life of an asset are expensed as incurred. Depreciation is provided using the straight-line method over the assets' estimated useful lives of three to seven years.

Intangible Assets. Intangible assets, which arose from the purchase of a web domain in August 2020 have been recorded at the purchase price. The web domain is considered to have an indefinite life and not subject to amortization.

Long-Lived Assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment charges recognized during the years ended December 31, 2022 and 2021.

Contract Liability - Deferred Revenue. The Company records deferred revenue as a contract liability for its initial franchise fees collected and related to contracts with remaining performance obligations.

(continued)

(2) Summary of Significant Accounting Policies, Continued

Contract Liability - Deferred Revenue, Continued. Amounts expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022 were as follows:

Year Ending December 31,	
2023	$ 192,628
2024	204,782
2025	204,782
2026	204,782
2027	204,782
Thereafter	685,304
	$ 1,697,060

Debt Issuance Costs. Debt issuance costs, which arose from costs incurred in connection with an SBA loan payable entered into in 2021, are being amortized to interest expense over the term of the loan payable using the straight-line method. The unamortized balance of these costs are included as a reduction of the outstanding balance of such payable.

Advertising. The Company expenses all advertising costs as incurred. Advertising costs were approximately $102,000 and $119,000 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes. The Company has elected to be treated as an S Corporation for income taxes and accordingly is not subject to federal and state income taxes. Rather, the results of operations flow through to the stockholder for inclusion in her personal income tax returns.

U.S. GAAP requires the Company to evaluate each of its tax positions to determine if they are more likely than not to be sustained if a taxing authority examines the respective position. A tax position includes an entity's status as a pass-through entity, and the decision not to file a tax return. The Company does not believe it has taken any uncertain tax positions in its income tax returns filed through December 31, 2022 that would have a material impact on its financial statements. The Company's methods of accounting are based on established income tax principles approved in the Internal Revenue Code and are properly calculated and reflected within its income tax returns.

The Company reassesses the validity of its conclusions regarding uncertain income tax positions on an annual basis to determine if facts or circumstances have arisen that might cause it to change its judgment regarding the likelihood of a tax position's sustainability under audit.

While the Company is not subject to taxation as discussed above, it does file income tax returns in the U.S. federal jurisdiction and certain states.

(continued)

(2) Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk. Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains all of its cash in deposit accounts with one financial institution, which at time such accounts may exceed federally-insured limits. We have not experienced any losses in such accounts.

The Company's accounts receivable are due from franchisees and relate to franchise fees, initial equipment fees, and royalties. The Company does not require collateral or other security on these accounts. The credit risk for accounts receivable is controlled through a review of credit ratings, credit approvals, limits, and other monitoring procedures.

Reclassifications. Certain amounts in the 2021 financial statements have been reclassified to conform to the presentation in the 2022 financial statements.

Subsequent Events. The Company has evaluated subsequent events through April 17, 2023, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2022, have been incorporated into these financial statements.

(3) Franchise Fees

Initial franchise fees are generally $45,000 and are reduced to $35,000 for additional franchised locations by the same owner and/or when a franchise is renewed (however, the Company retains the right to negotiate different fees). In 2022 and 2021, there were eight and ten franchise locations opened, respectively, and four and zero franchise locations that were closed, respectively. At December 31, 2022 and 2021, there were thirty-eight and thirty-four franchises in operation, respectively. During the years ended December 31, 2022 and 2021, the activity in the deferred revenue account related to franchise fees was as follows:

Balance, December 31, 2020	$ 1,043,231
Initial franchise fees contracted	634,019
Revenue recognized into revenue	(129,373)
Balance, December 31, 2021	1,547,877
Initial franchise fees contracted	465,000
Revenue recognized into revenue	(315,817)
Balance, December 31, 2022	1,697,060
Current portion	192,628
Deferred revenue, net of current portion	$ 1,504,432

(continued)

(4) Property and Equipment

Property and equipment is comprised of the following:

	At December 31, 2022	2021
Computers	$ 56,021	22,277
Less: Accumulated depreciation	(20,818)	(12,212)
Net property and equipment	$ 35,203	10,065

Depreciation expense totaled $8,606 and $3,715 for the years ended December 31, 2022 and 2021, respectively.

(5) Leases

The Company adopted ASU 2016-02, *Leases* in 2022, which resulted in the recognition of operating leases on the balance sheet in 2022 and forward. The Company determines if a contract contains a lease at inception and recognizes operating lease right-of-use assets and operating lease liabilities based on the present value of the future minimum lease payments at the commencement date of the lease. If the lease does not provide implicit rates, the incremental borrowing rate is used in determining the present value of future payments. Lease agreements that have lease and nonlease components, are accounted for as a single lease component. Lease expense is recognized on a straight-line basis over the lease term.

The Company's operating lease obligation is for one location used to conduct operations. These leases also include common area maintenance charges. The components of lease expense and other lease information are as follows:

	Year Ended December 31, 2022
Operating lease expense recognized	$ 19,863
Cash paid for amounts included in measurement of operating lease liabilities	$ 17,942

Rent expense related to the leases during the year ended December 31, 2021 was approximately $17,948.

	At December 31, 2022
Operating lease right-of-use assets	$ 89,369
Operating lease liability	$ 89,369
Weighted-average remaining lease term	7 years
Weighted-average discount rate	10.25%

(continued)

(5) Leases, Continued

Future minimum lease payments under noncancelable leases, reconciled to the Company's discounted operating lease liabilities are as follows:

	At December 31, 2022
2023	$ 17,942
2024	17,942
2025	17,942
2026	17,942
2027	17,942
Thereafter	35,887
Total future minimum lease payments	125,597
Less interest	(36,228)
Total operating lease liabilities	$ 89,369

(6) Notes Payable

Notes payable is as follows:

	At December 31, 2022	At December 31, 2021
Note payable to a bank, prime rate plus 2.75% (10.25% at December 31, 2022); interest only payable monthly through April 2023, monthly principal and interest installments of $15,352 through September 22, 2046, net of unamortized debt issuance costs, guaranteed by the Small Business Administration ("SBA").	$ 1,607,110	642,155
Note payable to SBA, fixed rate of 3.75%; interest only payable monthly through January 7, 2023, monthly installments of $730 through July 2050.	150,000	150,000
Less: Current maturities	(17,424)	(981)
Total noncurrent debt	$ 1,739,686	791,174

(continued)

(6) Notes Payable, Continued

Future maturities of SBA loans payable as of December 31, 2022 were as follows:

Year Ending December 31,	
2023	$ 17,424
2024	24,073
2025	26,431
2026	29,034
2027	31,909
Thereafter	1,628,239
	$ 1,757,110

(7) Paycheck Protection Program and EIDL Advance Grant

In March 2021, the Company received a Paycheck Protection Program loan ("PPP loan") of $67,780. Under the program, all or a portion of a PPP loan was eligible to be forgiven by the Small Business Association ("SBA") for costs the Company incurs for payroll, rent, utilities, and all other allowable expenses during the eligible period, as defined. In 2021, the Company has used the full amount received from the PPP loan for eligible expenses and on January 18, 2022, received notice from the bank that the entire PPP loan had been forgiven by the SBA. As a result, the forgiveness of the PPP loan has been recognized as other income in the accompanying statements of operations and the proceeds from the PPP loan has been included in cash flows from operating activities in the accompanying statements of cash flows.

In December 2021, the Company received an Economic Injury Disaster Loan Grant ("EIDL Advance Grant") from the SBA of $7,000. The EIDL Advance Grant program is a form of small business relief providing free and nonrepayable funds to select small businesses. The grant has been recognized as other income in the accompanying statements of operations and the proceeds from the grant has been included in cash flows from operating activities in the accompanying statements of cash flows.

(continued)

(8) Other Transactions with Related Parties

Advances from/to Related Parties. The Company periodically issues and receives advances to and from Spaulding Decon, LLC, Blackwatch Capital, LLC ("Blackwatch"), and L&L Holdings and Ventures ("LLHV"), entities related through common control. In 2021 the Company also paid for certain costs related to a loan that it is a co-borrower with Spaulding Decon, LLC and LLHV. Additionally, in 2021 these related parties received revenue intended for the Company of $131,282 and PPP funds intended for the Company of $67,780. The collection of these amounts intended for the Company are included in amounts owed from these related parties. Advances to related parties, which are unsecured, noninterest bearing, and due on demand, amounted to approximately $1,874,000 and $715,000, at December 31, 2022 and 2021, respectively. Advances to related parties are not expected to be collected prior to January 1, 2024 and are included in noncurrent assets in the accompanying balance sheets.

Facility Lease. The Company leases its headquarters from LLHV under a noncancelable lease arrangement, which expires on December 31, 2029. The lease requires monthly rental payments of $1,495 plus operating expenses of the facility, as defined. Total rent expense amounted to $19,863 and $17,948 for the years ended December 31, 2022 and 2021, respectively.

Co-Borrower Arrangements. The Company is a co-borrower with Spaulding Decon, LLC and LLHV on a mortgage payable. The mortgage payable is secured by all of the assets of the Company and the co-borrowers, including the property subject to the mortgage, is guaranteed by the Company's stockholder and matures on March 4, 2030. The outstanding balance on the mortgage payable was $826,524 as of December 31, 2022.

(9) Commitments

From time to time, the Company is involved in certain litigation in the normal course of business. Management does not believe the ultimate resolution of these matters will have a material adverse effect on the Company's financial position and/or results of operations.

SPAULDING DECON INDUSTRIES CORP

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

SPAULDING DECON INDUSTRIES CORP

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December 31, 2021 and 2020

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Frazier & Deeter
CPAs & ADVISORS

401 E. Jackson Street
Suite 2425
Tampa, Florida 33602
813.559.6400
www.frazierdeeter.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spaulding Decon Industries Corp
Tampa, FL

Opinion

We have audited the financial statements of Spaulding Decon Industries Corp (an S Corporation) (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Spaulding Decon Industries Corp as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Frazier & Deeter, LLC

August 31, 2022

SPAULDING DECON INDUSTRIES CORP

Balance Sheets

Assets

	December 31, 2021	December 31, 2020
Current Assets:		
Cash	$ 599,550	$ 502,690
Accounts receivable, net	177,242	19,852
Prepaid expenses and other current assets	22,770	8,925
Deferred contract costs, current	50,316	29,095
Total current assets	849,878	560,562
Due from related parties	715,444	140,399
Deferred contact costs, net of current	417,688	216,685
Property and equipment, net	10,065	5,776
Intangible asset	26,000	26,000
Total Assets	$ 2,019,075	$ 949,422

Liabilities and Stockholder's Equity (Deficit)

Current Liabilities:		
Accounts payable and accrued liabilities	$ 96,872	$ 139,038
Deferred revenue, current	202,861	132,336
SBA loans payable, current	981	-
Total current liabilities	300,714	271,374
SBA loans payable, net of debt issuance costs and current portion	791,174	150,000
Deferred franchise fees, net of current	1,383,766	927,544
Total liabilities	2,475,654	1,348,918
Commitments and contingencies (Notes 8 and 9)		
Stockholder's Equity (Deficit):		
Common stock, $1 par value, 100 shares authorized, issued, and outstanding	100	100
Additional paid-in capital	34,900	34,900
Retained earnings (deficit)	(491,579)	(434,496)
Total stockholder's equity (deficit)	(456,579)	(399,496)
Total Liabilities and Stockholder's Equity (Deficit)	$ 2,019,075	$ 949,422

See notes to financial statements.

SPAULDING DECON INDUSTRIES CORP

Statements of Operations

	For the Year Ended December 31,	
	2021	*2020*
Revenues:		
Franchise fees and equipment sales	$ 458,624	$ 627,391
Franchise royalties	738,102	502,099
National brand contribution	328,847	207,378
Other franchise revenue	256,171	109,458
Total revenues	1,781,744	1,446,326
Operating expenses:		
Payroll	864,310	402,374
Franchise costs	298,643	334,663
Professional fees	255,995	128,553
Advertising	118,946	124,169
Information technology	113,894	36,947
Broker fees	35,514	116,761
Insurance	33,607	36,651
Travel	30,823	15,754
Utilities	29,619	26,517
Videography	23,849	-
National accounts expense	16,838	5,314
Depreciation	3,715	1,502
General and administrative	58,175	9,582
Total operating expenses	1,883,928	1,238,787
Income (loss) from operations	(102,184)	207,539
Other income (expense):		
Forgiveness of PPP loan and EIDL grant income	74,780	65,700
Interest expense, net	(15,499)	-
Other income	345	1,000
Total other income (expense)	59,626	66,700
Net income (loss)	$ (42,558)	$ 274,239

See notes to financial statements.

SPAULDING DECON INDUSTRIES CORP

Statements of Stockholder's Equity (Deficit)

For the Years Ended December 31, 2021 and 2020

	Common Stock		Additional Paid-In	Retained Earnings	Total Stockholder's Equity
	Shares	Amount	Capital	(Deficit)	(Deficit)
Balance, December 31, 2019	100	$ 100	$ 34,900	$ (579,242)	$ (544,242)
Distributions	-	-	-	(129,493)	(129,493)
Net income	-	-	-	274,239	274,239
Balance, December 31, 2020	100	100	34,900	(434,496)	(399,496)
Distributions	-	-	-	(14,525)	(14,525)
Net loss	-	-	-	(42,558)	(42,558)
Balance, December 31, 2021	100	$ 100	$ 34,900	$ (491,579)	$ (456,579)

See notes to financial statements.

SPAULDING DECON INDUSTRIES CORP

Statements of Cash Flows

	For the Year Ended December 31,	
	2021	*2020*
Cash flows from operating activities:		
Net (loss) income	$ (42,558)	$ 274,239
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	3,715	1,502
Revenues collected by related party	(131,282)	-
PPP Loan collected by related party	(67,780)	-
Changes in assets and liabilities:		
Accounts receivable, net	(157,390)	(10,364)
Prepaid expenses and other current assets	(13,845)	(5,800)
Deferred contract costs	(222,224)	(13,238)
Accounts payable and accrued liabilities	(42,166)	91,531
Deferred revenue	526,747	337,829
Net cash (used in) provided by operating activities	(146,783)	675,699
Cash flows from investing activities:		
Issuance of related party advances	(723,451)	(117,572)
Collection of related party advances	347,468	-
Capital expenditures	(8,004)	(5,891)
Acquisition of intangible asset	-	(26,000)
Net cash used in investing activities	(383,987)	(149,463)
Cash flows from financing activities:		
Repayments of related party advances	-	(137,794)
Proceeds from SBA loan	653,755	150,000
Payment of debt issuance costs	(11,600)	-
Distributions	(14,525)	(129,493)
Net cash provided by (used in) financing activities	627,630	(117,287)
Net increase in cash	96,860	408,949
Cash, beginning of year	502,690	93,741
Cash, end of year	$ 599,550	$ 502,690
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 6,858	$ 399

See notes to financial statements.

Note 1 - Description of business:

Spaulding Decon Industries Corp (the "Company") is headquartered in Tampa, Florida and was organized in the State of Florida on October 27, 2014 to offer territorial franchise opportunities to entrepreneurs throughout the United States of America who want to own and operate a Spaulding Decon franchise. Spaulding Decon franchises provide professional decontamination services specializing in bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup, and other services and products under our primary marks.

Note 2 - Summary of significant accounting policies:

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Common control

The Company and certain affiliated companies are under the common control of the stockholder of the Company. The existence of that control could result in operating results or a financial position of the Company significantly different from that which would have been obtained if the entities were autonomous.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. It is at least reasonably possible that our estimates could change in the near term with respect to this matter.

Revenue recognition and deferred revenue

The Company generates almost all of its revenue from contracts with customers and accounts for such revenues under Accounting Standards Update 2014-09 (ASC 606), *Revenue from Contracts with Customers*, as such, revenue recognition is based on the timing of satisfaction of performance obligations. The Company's franchise agreements enter the parties into a contractual agreement, typically over a 10-year term with the option to renew for an additional

Note 2 - Summary of significant accounting policies - continued:

Revenue recognition and deferred revenue - continued

10 years, and include performance obligations as follows: protected territory designation, access to proprietary manuals and handbooks, initial training and on-going assistance, consulting, promotion of goodwill, administration of marketing fund, marketing and promotion items, initial marketing program development assistance, company website access, franchise management tool access, and use of the franchisor's intellectual property (IP) (e.g., trade name). The Company also charges an initial equipment and supply package fee and an initial technology fee, generally at fixed amounts, for the purchase of certain proprietary materials and equipment from a supplier that the Company designates and for the license related to the use of the Company franchise management tool. Initial franchise fees and initial technology fees are fully collectible and nonrefundable as of the date of the signing of the franchise agreement.

Per the terms of the franchise agreements, the Company charges for royalty fees on a weekly basis based on the greater of the Minimum Royalty Fee, as defined, or eight percent (8%) of franchisee's weekly gross sales. The Company also charges for certain transaction related fees, including real estate transaction royalty fees and build-back services, if such transactions are entered into by the franchisee. These fees are recognized as franchise royalties revenue in the accompanying statements of operations.

The Company also charges certain marketing and brand development fees at the greater of three percent (3%) of franchisee's weekly gross sales or a set minimum amount, as defined in the franchise agreement. Such fees are included in national brand contribution revenue in the accompanying statements of operations.

Under ASC 606, the Company considers initial franchise fees to be a part of the license of symbolic intellectual property ("IP"), therefore the performance obligation related to these fees is satisfied over time as the Company fulfills its promise to grant the customer rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred franchise fees at inception and recognized on a straight-line basis over the life of the franchise, which is typically the contract term.

In accordance with ASC 606-10-55-65, the Company has determined that the initial technology fee, royalty fees, marketing and brand development fees, and other fees, if any, are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs or the related performance obligation is satisfied. Additionally, the Company has determined that the performance obligations related to the initial equipment and supply package fee transfers at a point in time. Accordingly, this fee is recognized as revenue when the equipment and supplies are received by the franchisee.

Note 2 - Summary of significant accounting policies - continued:

Revenue recognition and deferred revenue - continued

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company, any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in franchise fees revenue on the accompanying statements of operations.

The Company also earns rebate revenue based on franchisee purchases from approved vendors. Rebate revenue is variable consideration contingent on the occurrence of agreed upon third-party vendor sales to the franchisee. Rebate revenue is earned at the point in time when each vendor sale occurs. Rebate revenue, which totaled approximately $6,500 in 2021, is included in other franchise revenue in the accompanying statements of operations.

The following table disaggregates the Company's revenues based on the timing of satisfaction of performance obligations for the years ended December 31:

	2021	2020
Performance obligations satisfied at a point in time	$ 365,469	$ 335,761
Performance obligations satisfied over time	1,416,275	1,110,565
Total revenues	$ 1,781,744	$ 1,446,326

Accounts receivable and credit policies

Accounts receivable represent franchisee obligations due under terms described in the franchise agreement and are personally guaranteed by the principals of the franchisee. The Company reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt expense when deemed necessary. The Company records an allowance for doubtful accounts that is based on historical trends, customer knowledge, any known disputes, and considers the aging of the accounts receivable balances combined with management's estimate of future potential recoverability. Accounts receivable are written off against the allowance after all attempts to collect a receivable have failed. The Company believes all accounts receivable at December 31, 2021 and 2020 are collectible and no allowance is deemed necessary. Accounts receivable, net amounted to $177,242, $19,852, and $9,488 at December 31, 2021, 2020, and 2019, respectively.

Note 2 - Summary of significant accounting policies - continued:

Deferred contract costs

Deferred contract costs, net is stated at gross deferred costs less accumulated amortization. We defer commissions paid for referrals related to the sale of franchise agreements with franchisees, if they are incremental and recoverable costs of obtaining a franchise agreement. Deferred contract costs are amortized over the estimated operating life of the related franchise, which is generally 10 years. The franchise operating life was estimated by considering factors such as expected client attrition rates, expected renewal rates and contractual term. The amortization period is adjusted for significant changes in the estimated remaining term of a contract and terminations of franchise agreements due to default of early termination provisions. An impairment of deferred contract costs is recognized when the unamortized balance of deferred contract costs exceeds the remaining amount of consideration we expect to receive net of the expected future costs directly related to providing those services. We deferred incremental costs of obtaining a contract of $241,400 and $130,000 in the years ended December 31, 2021 and 2020 respectively. Deferred contract costs, net of accumulated amortization was $468,004 and $245,780 at December 31, 2021 and 2020, respectively. Total amortization expense for the years ended December 31, 2021, and 2020 was $35,534 and $116,761, respectively and is classified within franchise costs in the accompanying statements of operations.

Amounts expected to be recognized into expense related to deferred contract costs that are unsatisfied (or partially unsatisfied) as of December 31, 2021 were as follows:

Year Ending December 31,	
2022	$ 50,316
2023	56,360
2024	56,650
2025	56,650
2026	56,650
Thereafter	191,378
	$ 468,004

Property and equipment

Property and equipment are stated at cost. Major additions are capitalized, while minor additions and maintenance and repairs, which do not extend the useful life of an asset are expensed as incurred. Depreciation is provided using the straight-line method over the assets' estimated useful lives of three to seven years.

Note 2 - Summary of significant accounting policies - continued:

Intangible assets

Intangible assets, which arose from the purchase of a web domain in August 2020 have been recorded at the purchase price. The web domain is considered to have an indefinite life and not subject to amortization.

Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment charges recognized during the years ended December 31, 2021 and 2020.

Contract liability - deferred revenue

The Company records deferred revenue as a contract liability for its initial franchise fees collected and related to contracts with remaining performance obligations. During the years ended December 31, 2021 and 2020, the activity in the deferred revenue account related to franchise fees was as follows:

Balance, December 31 2019	$ 694,454
Initial franchise fees contracted	649,000
Revenue recognized into revenue	(300,223)
Balance December 31, 2020	1,043,231
Initial franchise fees contracted	634,019
Revenue recognized into revenue	(129,373)
Balance December 31, 2021	1,547,877
Current portion	164,111
Deferred revenue, net of current portion	$ 1,383,766

Note 2 - Summary of significant accounting policies - continued:

Contract liability - deferred revenue - continued

Amounts expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2021 were as follows:

Year Ending December 31,	
2022	$ 164,111
2023	185,854
2024	186,675
2025	186,675
2026	186,675
Thereafter	637,887
	$ 1,547,877

At December 31, 2021 and 2020, in addition to deferred franchise fees, the Company recorded deferred revenue of approximately $38,750 and $16,600 related to a conference for the franchisees that occurred in 2022 and 2021, respectively.

Deferred revenue amounted to $1,586,627, $1,059,880 and $722,051 at December 31 2021, 2020 and 2019, respectively.

Debt issuance costs

Debt issuance costs, which arose from costs incurred in connection with an SBA loan payable entered into in 2021, are being amortized to interest expense over the term of the loan payable using the straight-line method. At December 31, 2021, the unamortized balance of these costs are included as a reduction of the outstanding balance of such payable.

Advertising

The Company expenses all advertising costs as incurred. Advertising costs were approximately $119,000 and $124,000 for the years ended December 31, 2021 and 2020, respectively.

Income taxes

The Company has elected to be treated as an S Corporation for income taxes and accordingly is not subject to federal and state income taxes. Rather, the results of operations flow through to the stockholder for inclusion in her personal income tax returns.

Note 2 - Summary of significant accounting policies - continued:

Income taxes - continued

U.S. GAAP requires the Company to evaluate each of its tax positions to determine if they are more likely than not to be sustained if a taxing authority examines the respective position. A tax position includes an entity's status as a pass-through entity, and the decision not to file a tax return. The Company does not believe it has taken any uncertain tax positions in its income tax returns filed through December 31, 2021 that would have a material impact on its financial statements. The Company's methods of accounting are based on established income tax principles approved in the Internal Revenue Code and are properly calculated and reflected within its income tax returns.

The Company reassesses the validity of its conclusions regarding uncertain income tax positions on an annual basis to determine if facts or circumstances have arisen that might cause it to change its judgment regarding the likelihood of a tax position's sustainability under audit.

While the Company is not subject to taxation as discussed above, it does file income tax returns in the U.S. federal jurisdiction and certain states.

Concentration of credit risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains all of its cash in deposit accounts with one financial institution, which at time such accounts may exceed federally-insured limits. We have not experienced any losses in such accounts.

The Company's accounts receivable are due from franchisees and relate to franchise fees, initial equipment fees, and royalties. The Company does not require collateral or other security on these accounts. The credit risk for accounts receivable is controlled through a review of credit ratings, credit approvals, limits, and other monitoring procedures.

For the year ended December 31, 2021 no franchisee accounted for more than 10% of revenues. For the year ended December 31, 2020, two franchisees accounted for 24% of revenues. At December 31, 2021, $151,900 of franchise and equipment fees was owed from three franchisees.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the presentation in the 2021 financial statements.

Note 2 - Summary of significant accounting policies - continued:

Subsequent events

The Company has evaluated subsequent events through August 31, 2022, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2021, have been incorporated into these financial statements.

Note 3 - Franchise fees

Initial franchise fees are generally $45,000 and are reduced to $35,000 for additional franchised locations by the same owner and/or when a franchise is renewed (however, the Company retains the right to negotiate different fees). In 2021 and 2020, there were 10 and 12 franchise locations opened, respectively, and zero and seven franchise locations that were closed, respectively. At December 31, 2021 and 2020, there were 34 and 24 franchises in operation, respectively.

Note 4 - Property and equipment:

Property and equipment as of December 31, 2021 and 2020 is comprised of the following:

	2021	2020
Computers	$ 22,277	$ 14,273
Less: Accumulated depreciation	(12,212)	(8,497)
Net property, and equipment	$ 10,065	$ 5,776

Depreciation expense totaled $3,715 and $1,502 for the years ended December 31, 2021 and 2020, respectively.

Note 5 - SBA loans payable:

On July 2, 2020 the Company received a loan in the amount of $150,000 from the U.S. Small Business Administration (SBA). The loan is payable in monthly payments approximating $730, is secured by essentially all of the Company's assets, accrues interest at a rate of 3.75% and has an original maturity date of 30 years. Payments are deferred until January 7, 2023, after which monthly principal and interest payments commence.

Note 5 - SBA loans payable - continued:

On September 20, 2021 the Company entered into an SBA loan through a bank as a co-borrower with L&L Holdings and Ventures (LLHV) and Spaulding Decon, LLC, entities related through common control. The loan allows for borrowings up to $2,361,800, of which $672,009 was earmarked as working capital for the Company and the remaining amounts for use by the co-borrowers for certain project costs. The loan agreement was designed to fund 90% of total project costs and working capital, with the initial 10% being funded immediately by the co-borrowers. The Company paid initial costs of $222,328, of which $210,728 related to costs owed by LLHV and are included in due from related parties on the accompanying 2021 balance sheet. Total borrowings on the loan mature in 2046, require interest only payments at prime plus 2.75% (6% at December 31, 2021) through November 2022 at which time monthly principal and interest payments of $15,352 commence, is secured by essentially all assets of the Company and the co-borrowers, and is guaranteed by the Company and its sole stockholder. The total amount outstanding on this loan at December 31, 2021 was $794,452, of which $653,755 was owed by the Company and is recorded net of unamortized debt issuance costs of $11,600. As of the date of these financial statements the total outstanding balance on the loans is approximately $1,162,000.

Future maturities of SBA loans payable as of December 31, 2021 were as follows:

Year Ending December 31,	
2022	$ 981
2023	11,604
2024	12,219
2025	13,094
2026	13,914
Thereafter	751,943
	$ 803,755

Note 6 - Paycheck Protection Program and EIDL Advance Grant:

In March 2021, the Company received a Paycheck Protection Program loan ("PPP loan") of $67,780. Under the program, all or a portion of a PPP loan was eligible to be forgiven by the Small Business Association ("SBA") for costs the Company incurs for payroll, rent, utilities, and all other allowable expenses during the eligible period, as defined. In June 2020, the American Institute of Certified Public Accountants issued guidance in the form of technical questions and answers that addresses accounting for nongovernmental entities, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven. Under such guidance, if an entity expects to meet the eligibility criteria and

Note 6 - Paycheck Protection Program and EIDL Advance Grant - continued:

concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, the receipt of the loan proceeds may be recognized as other income in the statement of operations and as cash flows from operating activities in the statement of cash flows. In 2021, the Company has used the full amount received from the PPP loan for eligible expenses and on January 18, 2022, received notice from the bank that the entire PPP loan had been forgiven by the SBA. As a result, the forgiveness of the PPP loan has been recognized as other income in the accompanying statements of operations and the proceeds from the PPP loan has been included in cash flows from operating activities in the accompanying statements of cash flows.

In December 2021, the Company received a Economic Injury Disaster Loan Grant ("EIDL Advance Grant") from the SBA of $7,000. The EIDL Advance Grant program is a form of small business relief providing free and non-repayable funds to select small businesses. The grant has been recognized as other income in the accompanying statements of operations and the proceeds from the grant has been included in cash flows from operating activities in the accompanying statements of cash flows.

Note 7 - Other transactions with related parties:

Advances from/to related parties

The Company periodically issues and receives advances to and from Spaulding Decon, LLC, Blackwatch Capital, LLC (Blackwatch), and LLHV, entities related through common control. In 2021 the Company also paid for certain costs related to a loan that it is a co-borrower with Spaulding Decon, LLC and LLHV (see Note 5). Additionally, in 2021 these related parties received revenue intended for the Company of $131,282 and PPP funds intended for the Company of $67,780. The collection of these amounts intended for the Company are included in amounts owed from these related parties. Advances to related parties, which are unsecured, non-interest bearing, and due on demand, amounted to approximately $715,000 and $140,000, at December 31, 2021 and 2020, respectively. Advances to related parties are not expected to be collected prior to January 1, 2023 and are included in non-current assets in the accompanying balance sheets.

Franchise agreement

Spaulding Decon, LLC operates a franchise in Tampa, Florida and is owned by the Company's stockholder. Spaulding Decon, LLC did not pay an initial franchise fee but beginning in 2021, began paying certain other fees. Revenues earned from Spaulding Decon, LLC during the year ended December 31, 2021 was approximately $2,600. Amounts owed from Spaulding Decon, LLC related to franchise operations was insignificant at December 31, 2021.

Note 7 - Other transactions with related parties - continued:

Consulting arrangement

The Company entered into a verbal agreement with Blackwatch whereby Blackwatch provides us with consulting services on an as needed basis. No services were incurred in 2021. Expenses related to these services amounted to approximately $17,000 in 2020 and is included in professional fees in the accompanying statements of operations. At December 31, 2021 and 2020, no amounts were owed to Blackwatch under this arrangement.

Facility lease

The Company leases its headquarters from LLHV under a non-cancelable lease arrangement, which expires on December 31, 2029. The lease requires monthly rental payments of $1,495 plus operating expenses of the facility, as defined. Total rent expense amounted to $17,948 and $18,144 for the years ended December 31, 2021 and 2020, respectively.

The future minimum lease payments under non-cancelable operating lease agreements at December 31, 2021 are approximately as follows:

Year Ending December 31,	
2022	$ 17,900
2023	17,900
2024	17,900
2025	17,900
2026	17,900
Thereafter	54,000
	$ 143,500

Co-borrower arrangements

The Company was a co-borrower with Spaulding Decon, LLC and LLHV on a line of credit that allows for maximum borrowings of $250,000. Borrowings on the line of credit were secured by all of the assets of the Company and the co-borrowers, was guaranteed by the Company's stockholder and matured on March 4, 2022.

The Company is a co-borrower with Spaulding Decon, LLC and LLHV on a mortgage payable. The mortgage payable is secured by all of the assets of the Company and the co-borrowers, including the property subject to the mortgage, is guaranteed by the Company's stockholder and matures on March 4, 2030. The outstanding balance on the mortgage payable is $833,132 as of the date of these financial statements.

Note 8 - Commitments:

From time to time, the Company is involved in certain litigation in the normal course of business. Management does not believe the ultimate resolution of these matters will have a material adverse effect on the Company's financial position and/or results of operations.

The Company was the defendant in a case alleging, among other claims, breach of franchise agreement. The Company had filed a separate claim against the party asserting breach of franchise agreement and breach of related guaranty agreement. In October 2020, final judgment on the Company's claim awarded the Company both monetary damages of approximately $10,000 and permanent injunctive relief. The judgment was appealed by the defendant, which was dismissed in May 2021. All amounts awarded are fully reserved because management believes collectibility is not reasonably assured.

Note 9 - COVID-19 considerations:

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a pandemic and the President of the United States declared it a national emergency. The COVID-19 pandemic remains subject to the development and severity of new variants. The extent of the impact of COVID-19 on operations and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Company operates, government actions and programs, and the related impact on consumer confidence and spending, all of which are highly uncertain.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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Spaulding Decon Industries, Corp

Balance Sheet

As of April 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1100 PNC - SDI Main Checking - 7539 (deleted)	45,341.53
1101 PNC - National Brand Account - 7547 (deleted)	54,294.07
1104 PayPal - Training (deleted)	7,990.35
1105 Pilot Bank - SDI Checking - 3774 (deleted)	64,599.90
1109 Chase - SDI Checking - 2123 (deleted)	775.00
1110 Passthrough Deposits	300.00
SDI National Brand Acct (7547) - 8	98,189.06
Total Bank Accounts	**$271,489.91**
Accounts Receivable	
1200 Accounts Receivable	328,735.31
1202 Employee Payroll Advance	0.00
Total Accounts Receivable	**$328,735.31**
Other Current Assets	
1108 Undeposited Funds	0.00
1201 Allowance for Doubtful Accounts	0.00
1211 Intercompany LLHV	1,461,040.44
1212 Intercompany Spaulding Decon LLC	437,878.74
14250 Intercompany w/ Blackwatch LLC	26,686.02
1440 Accrued Revenue	0.00
1480 Uncategorized Asset	0.00
1500 Prepaid Expenses	-871.59
1500-1 Prepaid Expense - Retainer Fee	10,000.00
Total 1500 Prepaid Expenses	**9,128.41**
1520 Deferred Broker Fees - Current	75,316.00
1530 Due from LLHV - HQ Building Related	16,067.03
1980 Deferred Broker Fees (Non-Current)	422,688.00
Total Other Current Assets	**$2,448,804.64**
Total Current Assets	**$3,049,029.86**
Fixed Assets	
1700 Fixed Assets	
1700-1 Furniture and Equipment	64,729.12
1701 Domain - CrimeSceneCleaning.com	26,000.00
1702 Computers & Office Equipment	14,225.13
1800 Accumulated Depreciation	-12,211.84
Vehicles	0.00
Total 1700 Fixed Assets	**92,742.41**
Total Fixed Assets	**$92,742.41**

Spaulding Decon Industries, Corp

Balance Sheet

As of April 30, 2023

	TOTAL
TOTAL ASSETS	**$3,141,772.27**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	48,887.86
Total Accounts Payable	**$48,887.86**
Credit Cards	
2101 Chase Master Credit Card (deleted)	75,973.98
2102 Pilot Amex - 0037 (deleted)	16.00
2104 Chase CC National Brand - 3743 (deleted)	479.94
J. CHAVEZ (3652) - 7	0.00
Laura's Chase SDI card (0972) - 7	80,734.08
Total Credit Cards	**$157,204.00**
Other Current Liabilities	
2200 Accrued Expenses	0.00
2210 EE Payroll Tax W/H (deleted)	-2,651.10
2220 Payroll Deductions Payable	0.00
2300 Accrued Payroll (deleted)	-9,375.01
2350 Accrued Vacation	0.00
2385 Deferred Revenue (Non-Current)	1,383,766.00
2600 Deferred Revenue	774,710.56
2811 Passthrough Deposits to Pay	0.00
Total Other Current Liabilities	**$2,146,450.45**
Total Current Liabilities	**$2,352,542.31**
Long-Term Liabilities	
2400 SBA Loan	150,000.00
2932 Loan Costs	-11,600.00
Total 2400 SBA Loan	**138,400.00**
2901 N/P Pilot Bank SBA Loan 9003	1,494,598.21
2901-1 Equity Paid to Lender on SBA Loan	-0.50
2901-5 Distribution - Working Capital	0.00
Total 2901 N/P Pilot Bank SBA Loan 9003	**1,494,597.71**
Total Long-Term Liabilities	**$1,632,997.71**
Total Liabilities	**$3,985,540.02**
Equity	
3100 Capital Stock	100.00
3101 APIC	34,900.00
3130 Shareholder Distribution	-32,796.91
3140 Retained Earnings	-798,404.07

Spaulding Decon Industries, Corp

Balance Sheet

As of April 30, 2023

	TOTAL
3500 Opening Balance Equity	-30,398.22
Owner's Investment	35,569.04
Net Income	-52,737.59
Total Equity	**$ -843,767.75**
TOTAL LIABILITIES AND EQUITY	**$3,141,772.27**

Spaulding Decon Industries, Corp

Profit and Loss

January - April, 2023

	TOTAL
Income	
601 Royalty Income	533,887.40
602 Technology Fees	31,999.49
603 Xactimate Fees	1,635.56
604 Equipment Sales	104,020.29
605 Merchandise Sales	86.56
606 Uniform Income	279.90
609 Training Fees	39,769.00
610 Social Media Income	28,447.43
680 Late Fees	5,700.00
690 Rebates	2,216.80
Total Income	**$748,042.43**
GROSS PROFIT	**$748,042.43**
Expenses	
702 Equipment COGS	64,704.51
710 Advertising & Marketing	38,266.16
730 Bank Fees	1,895.44
731 Merchant Fees	2,307.14
770 Dues & Subscriptions	14,350.10
780 Education & Training	9,059.97
790 Insurance	1,370.56
800 Interest Expense	14,180.83
820 Legal & Professional	78,623.23
825 Franchise Development	52,738.87
830 Territory Mapping	9,525.00
850 Meals & Entertainment	905.28
860 Office Expense	2,985.48
870 Recruiting & Hiring	1,004.45
880 Rent & Lease	5,980.80
890 Repairs & Maintenance	8,764.02
910 Salaries & Wages	349,687.53
911 Payroll Taxes	21,789.06
912 Commissions	9,000.00
914 Employee Benefits	27,909.57
920 Shipping & Postage	10,350.78
930 Software	58,545.13
950 Taxes & Licenses	3,016.38
960 Telephone & Internet	7,907.24
970 Travel	4,661.87
980 Utilities	1,250.62
Total Expenses	**$800,780.02**
NET OPERATING INCOME	**$ -52,737.59**
NET INCOME	**$ -52,737.59**

EXHIBIT D
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

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SPAULDING DECON INDUSTRIES, CORP.

FRANCHISE AGREEMENT

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SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

DATA SHEET

Franchisee: _____

Guarantors: _____

Address: _____

Effective Date: _____

Territory: _____

Telephone Number: _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

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Exhibits:

Exhibit A – Personal Guaranty
Exhibit B – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
Exhibit C – Confidentiality and Restrictive Covenant Agreement
Exhibit D – Electronic Funds Withdrawal Authorization

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SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made _____ (the "Effective Date"), by and between Spaulding Decon Industries, Corp., a Florida corporation, with its principal business address at 1032 E Brandon Blvd. #8338, Brandon, Florida 33511 ("Franchisor") and the franchisee identified in the attached Data Sheet ("Franchisee").

BACKGROUND

A. Franchisor and/or its principal or affiliate has developed a system for the establishment and operation of Spaulding Decon businesses focused on providing array of decontamination services specializing in bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup, and other services and products under our primary marks (each an "Spaulding Decon Business");

B. Franchisor is engaged in the business of granting franchises to operate Spaulding Decon Businesses;

C. Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a Spaulding Decon Business using the system developed by Franchisor, which includes recognized color schemes, distinctive specifications for furniture, fixtures, equipment, and display designs; uniform specifications of products and services; methods; merchandising, marketing, advertising, and management systems; and procedures for operation and management of a Spaulding Decon Business in the manner set forth in this Agreement and in the operations manual provided by Franchisor and modified from time to time (the "System");

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the registered service mark "Spaulding Decon®", in connection with the System (the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor and be used for the benefit of Franchisor and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder;

E. Franchisee has applied to Franchisor for a franchise to operate a Spaulding Decon Business and such application has been approved in reliance upon all of the representations made therein; and

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its Spaulding Decon Business and to the operations of the System.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance**. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) Spaulding Decon Business, under the System and Proprietary Marks identified herein, and the right to use the System and Proprietary Marks in the operation of the Spaulding Decon Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.1.1 **Reservation of Rights**. Except as otherwise provided for in this Agreement, the foregoing grant to Franchisee does not include any right to: (i) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (ii) sell products or services at wholesale prices from the Spaulding Decon Business; or (iii) distribute, market, or implement Franchisor's products or services in any channel of distribution not specifically identified in this Agreement. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate Spaulding Decon Businesses at any location(s) outside of Franchisee's Territory (as defined in Section 1.3) under the same or different marks, or to license others the right to own and operate Spaulding Decon Businesses at any location(s) outside Franchisee's Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; (iii) own and operate Spaulding Decon Businesses or other businesses, or market similar products and services, at any location(s) inside Franchisee's Territory under different marks, or to license others the right to own and operate Spaulding Decon Businesses or other businesses, or market products and services at any location(s) inside Franchisee's Territory under different marks; (iv) exclusively operate and license others the right to own and operate Spaulding Decon Businesses under the Proprietary Marks and System in non-traditional sites; (v) engage and service National Accounts in the Designated Territory; and (vi) engage and license others to engage in any other activities not expressly prohibited in this Agreement.

1.2 **Approved Vehicle**. In operating the Spaulding Decon Business, Franchisee must obtain and maintain one or more approved vehicles, purchased in accordance with Franchisor's specifications (each, an "Approved Vehicle").

1.3 **Territory**. Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor shall not establish and operate, nor license to any party other than Franchisee the right to establish and operate, any Spaulding Decon Business under the System and the Proprietary Marks during the term hereof within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference ("Territory"). Franchisor shall designate the Territory prior to execution of the Franchise Agreement. Franchisor and its affiliates retain all other rights, including without limitation, the right to distribute products and

services as described in Sections 1.1.1 and 1.4 hereof within Franchisee's Territory, as applicable. Franchisee may not generate more than 10% of its Gross Sales from outside of its Territory. Furthermore, Franchisee may not operate within the territory of another franchisee unless Franchisee obtains prior written consent from that franchisee. If Franchisee (i) generates more than 10% of its Gross Sales from outside of its Territory, or (ii) operates in another franchisee's territory without their prior written consent, then Franchisor may charge Franchisee a fine of up to $20,000.

1.4 **National Accounts**. Franchisor will have the exclusive right, on behalf of itself, its affiliate(s), Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts," including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Account outside of the Territory, or solicit any National Accounts within or outside of the Territory who are already under contract with Franchisor.

1.4.1 The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond one territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. "National Account" includes any third party administrator (TPA) insurance based accounts or any other preferred vendor national contracts.

1.4.2 Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Proprietary Marks, such services to the National Account customer location(s) within the Territory and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Protected Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

1.4.3 Franchisee agrees that neither the direct provision by Franchisor or a franchisee, licensee, or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Protected Territory. Franchisee disclaims any right to compensation or consideration for work performed by others in the Territory pursuant to this Section.

1.4.4 Franchisee is required to sign up and meet the qualifications for each of Franchisor's National Accounts or other third-party administrators as set forth in the Operations Manual.

1.5. **Other Channels of Distribution**. Franchisee expressly acknowledges and agrees that certain of Franchisor's or its affiliate's products or services, whether now existing or developed in the future, may be distributed in Franchisee's Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such alternate channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, sales of any products under the Proprietary Marks at or through the internet. Franchisee understands that this Agreement grants Franchisee no rights: (i) to

distribute such products as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

2. TERM AND RENEWAL

2.1 **Term**. The initial term of this Agreement is for a period of ten (10) years which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for one (1) additional, successive ten (10) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days, but no more than one hundred eighty (180) days, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Approved Vehicle for the duration of the renewal term; or, if Franchisee is unable to operate an Approved Vehicle, Franchisee has secured a substitute vehicle;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the end of the then-current term, all maintenance and updating of the Spaulding Decon Business Approved Vehicle required to bring the Spaulding Decon Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees, if any, at Franchisee's expense, as of the date of such renewal;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, provided that said release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee in the amount of ten thousand dollars ($10,000).

3. FEES

3.1 **Initial Franchise Fee**. In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor an initial franchise fee equal to _____ ($_____) (the "Initial Franchise Fee"), in full, when Franchisee signs this Agreement. Franchisor will offer a VetFran discount of 10% of the initial franchisee fee for qualified veterans for their first franchise territory. The Initial Franchise Fee is calculated as follows: (i) $49,500, plus (ii) $0.14 for every additional person greater than 350,000 in your Territory. The initial franchise fee is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others. The initial franchise fee for any additional Franchised Businesses will be reduced to (i) $42,000 for a second Franchised Business; (ii) $38,000 for a third Franchised Business; (iii) $36,000 for a fourth Franchised Business; (iv) $34,000 for a fifth Franchised Business; (v) $32,000 for a sixth Franchised Business; and (vi) $30,000 for a seventh Franchised Business.

3.2 **Royalty Fee**. Franchisee must pay Franchisor a weekly royalty fee equal to the Minimum Royalty Fee (defined below) or eight percent (8%) of the Spaulding Decon Business's "Gross Sales" per week, whichever is greater (the "Royalty"). Franchisee must begin paying the Royalty upon the earlier of (i) when the Franchised Business begins generating revenue, or (ii) 90 days after the completion of initial training. The minimum royalty fee is equal to: (i) $250 per week for weeks 1 to 52; (ii) $384 per week for weeks 53 to 104; (iii) $576 per week for weeks 105 to 156; (iv) $865 per week for weeks 157 to 208; and (v) $1,077 per week for weeks 209 and each week thereafter (the "Minimum Royalty Fee"). During any applicable renewal term, the Minimum Royalty Fee shall not be less than the Minimum Royalty Fee applicable in week 209 and shall be subject to increase as determined by us. "Gross Sales" includes all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Spaulding Decon Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3.3 **Construction Build-back Services**. The royalty fee in connection with construction build back services, that are subcontracted to a third unaffiliated party is the greater of (i) four percent (4%) of Gross Sales for build back services (the "Build-Back Services Royalty), or (ii) the Minimum Royalty Fee. Build back services include drywall, flooring, general carpentry, electrical work, plumbing, mechanical, and painting, but does not include demolition (collectively, the "Build Back Services"). Franchisee is required to provide Franchisor with a copy of this invoice.

3.5 **National Account Royalty**. The royalty fee in connection with services performed for Franchisor's National Accounts is the greater of (i) eight percent (8%) of Gross Sales for National Account services, or (ii) the Minimum Royalty Fee.

3.6 **Real Estate Transaction Royalty Fees and Brand Fund Contribution**. In lieu of paying the Royalty Fee set forth in Section 3.2 of this Agreement as well as the Brand Fund Contribution set forth in Section 3.10 of this Agreement, if Franchisee, an affiliate, its owner or any of its owners purchase real estate or commercial real estate that was introduced in connection with the Franchised Business, Franchisee shall pay Franchisor a real estate transaction royalty fee (the "Real Estate Transaction Royalty Fee") and real estate transaction brand fund contribution (the "Real Estate Brand Fund Contribution") depending on the type of transaction at hand. If Franchisee, an affiliate, its owner or any of its owner(s) purchase real estate, which includes all strategies such as buy and hold or

fix and flip strategies, where the title transfer into Franchisee's, an affiliate's, or it owner's name(s), then Franchisee shall be obligated to pay the following Real Estate Transaction Royalty Fee and Real Estate Brand Fund Contribution:

Tiered-Structure for Real Estate Purchases		
Gross Purchase Price on HUD	**Real Estate Transaction Royalty Fee**	**Real Estate Transaction Brand Fund Contribution**
$0.00 - $25,000.00	$3,500.00	$500.00
$25,000.01 - $50,000.00	$4,000.00	$500.00
$50,000.01 - $75,000.00	$5,000.00	$500.00
$75,000.01 - $100,000.00	$5,000.00	$500.00
$100,000.01 - $200,000.00	$5,000.00	$1,000.00
$200,000.01 - $300,000.00	$5,000.00	$1,000.00
$300,000.01 +	$5,000.00	$1,000.00

If Franchisee, an affiliate, its owner or any of its owner(s) engage in a wholesale deal where the title is never in Franchisee's, an affiliate's, its owner's, or any of its owners' names, and the party is selling the paper before closing and is otherwise listed in the HUD as the Assignment Fee, then Franchisee shall be obligated to make the following Real Estate Transaction Royalty Fee payment and Real Estate Brand Fund Contribution:

Payment Structure for Wholesale Deals		
Total Assignment Fee on HUD	**Real Estate Transaction Royalty Fee**	**Real Estate Transaction Brand Fund Contribution**
Applies to **All** Wholesale Transaction	$5,000.00	One and one-half percent (1.5%) of Assignment Fee as Indicated on HUD

The Real Estate Transaction Royalty Fee and Real Estate Transaction Brand Fund Contribution shall be payable and due immediately following the real estate transaction and Franchisor may debit these amounts via Franchisee's EFT Account (as defined below).

3.7 **Initial Technology Fee.** Franchisee shall pay us an initial technology fee in the amount of two thousand five hundred dollars ($2,500) (the "Initial Technology Fee") for the initial CRM license. The Initial Technology Fee is non-refundable upon payment.

3.8 **Technology Fee**. Through the term of this Agreement, Franchisee shall pay to

Franchisor or its affiliate the then-currently monthly non-refundable technology fee (the "Technology Fee"). The Technology Fee is collected on the first business day of each month. If Franchisee needs more than two email accounts for its Franchised Business, Franchisee shall pay $10.00 for each additional email account per month. The amount per email per month is subject to change.

3.9 **Initial Equipment and Supply Package**. Upon execution of this Agreement, Franchisee shall purchase certain proprietary materials and equipment from Franchisor, Franchisor's affiliate, or other supplier that Franchisor designates to be used in the operation of the Franchised Business.

3.10 **Brand Fund Contribution**. Franchisor has established a System-wide marketing fund (the "Fund"). Franchisee shall make weekly contributions to the Fund amounting to the greater of: (i) three percent (3%) of the Gross Sales of the Franchised Business from the preceding week; or (ii) one hundred dollars ($100) per week. Franchisor may modify these Fund contribution requirements upon thirty (30) days written notice to Franchisee.

3.11 **Estimating Fee.** Franchisee is required to use Franchisor's Approved Supplier for estimates. For certain jobs, Franchisee may be required to use a third-party estimating platform, such as Xactimate. If Franchisor provides this estimate for Franchisee, Franchisee is required to pay Franchisor a fee equal to three percent (3%) of the total invoiced amount for successful bids, and the then-current amount for unsuccessful bids, which is currently $100 per bid. If Franchisee fails to use Franchisor's Approved Supplier for software, Franchisor may, but is not obligated to, secure such software on Franchisee's behalf and charge Franchise 18% in addition to the cost of the software.

3.12 **Other Amounts**. The other amounts detailed in this Agreement that Franchisee will be required to expend on: (a) local advertising and promotion of the Franchised Business; (b) training/tuition fees; (c) ongoing software licensing fees for software that Franchisor designates for use in connection with the Franchised Business; and (d) marketing materials, inventory, and/or other supplies that must be purchased on an ongoing basis in accordance with Franchisor's System standards and specifications. Franchisor may require Franchisee to purchase any of the foregoing items or services from Franchisor, its affiliate or another supplier that Franchisor approves and/or designates.

3.13 **Gross Sales Reports**. Franchisee must email Franchisor a signed Gross Sales Report ("Gross Sales Report") by noon on Monday each week for the preceding week in the manner and form Franchisor specifies. Each Gross Sales Report must set forth: (i) the Gross Sales generated during the period; (ii) a calculation of the Royalty and if applicable, Brand Fund Contribution; and (iii) any other information Franchisor may require. Franchisor may change the form and content of the Gross Sales Reports from time to time and/or require Franchisee to submit Gross Sales Reports on a different schedule upon notice to you. If after Franchisee is informed after Franchisee submits the Gross Sales Report that Gross Sales were adjusted, Franchisee must provide Franchisor with official documentation of any such change. If you fail to submit a Gross Sales Report or any other financial report to us within 15 days after the end of each month, you will be charged a late fee of two hundred and fifty dollars ($250) per occurrence. The Gross Sales Report must also include all information Franchisor requires in connection with any real estate transaction.

3.14 **Manner of Payment**. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from operation of your Franchised

Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, you must provide us with: (i) your bank's name, address and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under the Franchise Agreement by other means as we may specify from time to time. If any Gross Sales Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most recent Gross Sales Report you submitted, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.

3.15 **Insufficient Funds and Late Payments**. As part of Franchisee's participation in the EFT Program, if the funds in Franchisee's bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, then Franchisor may charge Franchisee a fee of five hundred dollars ($500) plus interest at a rate of 1.5% compounded monthly, or the highest interest allowed by applicable law. This fee also applies if Franchisee instructs its bank to disapprove of any fee draft. If Franchisee makes any late payment or underpayment of the Royalty or any other fee due under this Agreement or any other agreement between Franchisee and Franchisor, or any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, in addition to the overdue amount, Franchisor has the right to charge Franchisee a fee of two hundred and fifty dollars ($250) per occurrence or the maximum amount permitted by law. Franchisor reserves the right to charge interest at a rate of 1.5% compounded monthly in addition to the late charge. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that Franchisee shall be responsible for that payment and any service charge. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.16 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4. PROPRIETARY MARKS

4.1 **Franchisee's Use of the Proprietary Marks**.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only in connection with the Spaulding Decon Business in advertising for the Spaulding Decon Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM", "SM", "S" or "®", as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any products or services which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in

writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Spaulding Decon". Franchisee must promptly register at the office of the county in which Franchisee's Spaulding Decon Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Spaulding Decon Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Spaulding Decon Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations at the Spaulding Decon Business as Franchisor may designate in writing.

4.1.5 Franchisee must prominently display the Proprietary Marks on or in connection with any media advertising, promotional materials, posters, displays, receipts, stationery and forms that Franchisor designates and in the manner that Franchisor prescribes.

4.1.6 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.7 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.8 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.9 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right, though not the obligation to: (i) direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof; (ii) take action against uses by others that may constitute infringement of the Proprietary Marks; or (iii) defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. In such circumstances, if Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner not in accordance with this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.10 Franchisee expressly understands and acknowledges that:

4.1.10.1 Franchisor owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.10.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.10.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

4.1.10.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

4.1.10.5 All goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

4.1.10.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services, (ii) to grant other licenses for the Proprietary Marks, and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing Franchisee any rights therein; and

4.1.10.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the Spaulding Decon Businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secrets and confidential information, including but not limited to methods of decontamination; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor's operational manual (as described in more detail in Section 6.1 of this Agreement); trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for decontamination equipment; systems and training manuals; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing training; general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Spaulding Decon Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a Spaulding Decon Business (collectively, the "Confidential Information"). Franchisee agrees that Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership,

association, corporation, or limited liability company any Confidential Information except to Franchisee's employees that must have access to it in order to operate the Spaulding Decon Business. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, are the sole property of Franchisor and also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Personnel**. Franchisee shall ensure that Franchisee's Designated Manager (as defined in Section 7.7.5 below) and other personnel who have access to Franchisor's Confidential Information execute a Confidentiality and Noncompete Agreement, in the form attached hereto as Exhibit C, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor with a copy of each executed agreement.

5.3 **New Concepts**. If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement in the operation or promotion of the Spaulding Decon Business, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, nonexclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6. FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Franchisor will loan Franchisee one (1) copy of Franchisor's proprietary and confidential operations and training manual, as well as any other confidential manuals and writings prepared by Franchisor for Franchisee's use in operating a Spaulding Decon Business (collectively referred to as the "Operations Manual"). Franchisee shall operate the Spaulding Decon

Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy which Franchisor maintains at Franchisor's corporate headquarters will control.

6.2 **Specifications for Equipment and Supplies**. To the extent Franchisor deems necessary in its sole discretion, Franchisor will provide written specifications for and designate sources of supply from which Franchisee agrees to purchase equipment and supplies necessary for the start-up and ongoing operations of Franchisee's Spaulding Decon Business.

6.3 **Ongoing Assistance**. Franchisor will provide Franchisee continuing consultation and advice, to the extent that Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Spaulding Decon Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including but not limited to, Franchisor's travel and lodging expenses.

6.4 **Additional Training**. Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or to assist Franchisee in the operation of Franchisee's Spaulding Decon Business, in order to provide additional assistance to franchisees. Such additional training may be provided online, or in any other manner as Franchisor determines. Up to five (5) days per year, Franchisor may require Franchisee, Franchisee's Designated Manager (as defined in Section 7.7.5 of this Agreement), and/or Franchisee's personnel to attend or participate in such training at Franchisor's then-current Training Fee for providing such training. All expenses, including Franchisee's, Franchisee's Designated Manager's, and Franchisee's employees' transportation, meal, and lodging expenses to attend such training, if applicable, shall be Franchisee's sole responsibility.

6.5 **Toll Free Telephone Number; Call Center**. Franchisor has the right, but not the obligation, to establish and maintain a toll-free telephone number for the purpose of improving customer service and conducting customer follow-up and satisfaction surveys. Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing. If established, calls from prospective customers to this telephone number will be received by a call center. If this prospective customer is located in Franchisee's Territory, their information will be sent to Franchisee. Franchisor reserves the right to charge its then-current fee in connection with a call center.

If established, once a customer's call is routed to the call center and Franchisor, its affiliate, or its designee has set up an assignment, Franchisor, its affiliate, or its designee will route that customer's work to Franchisee if the customer's location (where the work will be performed) is within Franchisee's Designated Territory, unless: (i) Franchisor determines that the work is in the nature of an emergency and (a) Franchisee does not respond to the work assigned to Franchisee within a time period Franchisor deems appropriate under the circumstances, or (b) Franchisee is not able to perform the required services for the customer within a time period Franchisor deems

appropriate in its sole discretion; (ii) the work is of such a large scope and/or commercial nature that Franchisor determines, in its sole discretion, that the Franchised Business is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case Franchisor may route the work to Franchisee and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to the call center representative or an inadvertent error on the part of the call center representative when taking the information from the customer; or (iv) Franchisee is not operating the Franchised Business in compliance with the Franchise Agreement; or (v) an area that includes the Designated Territory has been subjected to a disaster or catastrophe as determined solely by Franchisor.

6.6 **Annual Conference**. Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Spaulding Decon Business operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference and to pay Franchisor's then-current registration fee. If Franchisee's spouse attends the Annual Conference, Franchisor may charge the spouse a registration fee as well. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use expenditures from the National Brand Fund (as defined in Section 12.5 of this Agreement) for purposes related to the Annual Conference, including costs related to programs and materials. If Franchisor establishes an Annual Conference, Franchisee must (i) pay the annual conference fee that Franchisor requires, and (ii) must attend the Annual Conference. If Franchisee fails to attend the Annual Conference, Franchisor may charge Franchisee the Annual Conference Fee and impose a fine on Franchisee of up to $3,000 in addition to the Annual Conference Fee for failing to attend. Failure to attend the Annual Conference in consecutive years is a default of this Agreement and will subject this Agreement to termination. Franchisee is obligated to comply with all other obligations as it relates to the Annual Conference as outlined in Franchisor's Operations Manual or otherwise provided to Franchisee in writing.

6.7 **Home Office.** Following the execution of this Agreement, Franchisor shall: (i) provide Franchisee with basic standards for a home office; and (ii) approve or reject Franchisee's selection of a Home Office.

7. FRANCHISEE'S OBLIGATIONS

7.1 **Premises**. Franchisee shall operate the Franchised Business from a Home Office space that meets Franchisor's requirements.

7.2 **Approved Vehicle**. Franchisee shall acquire a vehicle that meets Franchisor's current specifications set forth in the Operations Manual, which may change from time to time, (the "Approved Vehicle"), from which to operate the Spaulding Decon Business and shall maintain the Approved Vehicle according to the standards established by Franchisor from time to time. Franchisee shall, from time to time, upon request of Franchisor, submit documentation to Franchisor concerning the exterior condition of an Approved Vehicle. Such documentation shall consist of four photographs taken within two (2) weeks of submission, one of each view (front, rear, and sides) of the Approved

Vehicle. If Franchisor deems that the Approved Vehicle is not in good physical appearance and condition, Franchisor shall promptly notify Franchise of the requirement to purchase a vehicle that meets Franchisor's standards and specifications.

7.3 **Training**. Franchisee (or Franchisee's principal, as applicable) and Franchisee's Designated Manager (if one has been designated pursuant to Section 7.7.5 of this Agreement) must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1 below.

7.4 **Opening Requirements**. Franchisee shall open the Spaulding Decon Business within six (6) months from the date the parties sign this Agreement. Notwithstanding the foregoing, Franchisor reserves the right to extend such deadline in its sole discretion, upon Franchisee's reasonable request. Franchisee shall not be permitted to open Franchisee's Spaulding Decon Business unless and until Franchisee receives written notice from Franchisor approving Franchisee's proposed opening date. Franchisee may not open the Franchised Business until Franchisee has (i) completed Franchisor's Initial Training Program, (ii) obtained all of the necessary licensing and authorization from state and regulatory agencies, (iii) obtained and provide Franchisor with written proof of the required insurance, and (iv) secured an Approved Location.

7.5 **Purchasing Requirements**.

7.5.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Spaulding Decon Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual or otherwise in writing, as they may be revised or amended from time to time. Franchisee shall use signs, furnishings, supplies, fixtures, equipment and inventory which comply with Franchisor's then-current standards and specifications (including, without limitation, standards and specifications for products, services, equipment, furnishings, fixtures and signage), which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may be required to incur an increased cost to comply with any such changes at Franchisee's expense.

7.5.2 Designated and Approved Suppliers. Recognizing that preservation of the System depends upon uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase certain signs, furnishings, supplies, fixtures, signage, equipment and inventory from Franchisor or from approved or designated third party suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee.

7.5.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including equipment and supplies, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in

connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee or the supplier must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier), for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Spaulding Decon Business and not for any competitive business purpose.

7.5.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may provide services or produce, among other things, certain furnishings, supplies, fixtures, accounting software, paint, signage, and other equipment/inventory according to Franchisor's proprietary standards and specifications ("System Suppliers") that Franchisee is required to use in connection with the operation of the Franchised Business. Franchisee recognizes that such products and services are essential to the operation of the Spaulding Decon Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due. If Franchisee fails to use a System Supplier and instead uses a different supplier, Franchisor may charge Franchisee a fine of $5,000 per occurrence.

7.6 **Authorized Services**. Franchisee shall offer for sale all services which Franchisor prescribes and only those services which Franchisor prescribes. Franchisee may not offer any services or products for sale, rent or lease without having received Franchisor's prior written authorization.

7.7 **Operations**.

7.7.1 Franchisee must operate Franchisee's Spaulding Decon Business for at least those months, hours and days that Franchisor specifies in the Operations Manual or otherwise in writing.

7.7.2 Franchisee must maintain the Approved Vehicle in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local regulations, and the Operations Manual.

7.7.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Spaulding Decon Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Spaulding

Decon Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance (including wearing Franchisor's uniform, if required) in conformance with Franchisor's reasonable standards, and shall render competent, efficient service to the customers of the Spaulding Decon Business.

7.7.4 Franchisee agrees to operate the Spaulding Decon Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized at Franchisee's Spaulding Decon Business.

7.7.5 Franchisee (or at least one of Franchisee's principals if Franchisee is an entity or partnership) must personally supervise the day-to-day operations of the Spaulding Decon Business and devote Franchisee's personal full-time attention to the management and operation of the Spaulding Decon Business. Franchisee may not have a full-time job during the initial 6-month period of operations outside of the Franchised Business. Franchisee may, however, delegate the day-to-day management of Franchisee's Spaulding Decon Business to one of Franchisee's principals that owns an interest in Franchisee (a "Designated Manager"). Franchisor must approve Franchisee's principal as a Designated Manager and any Designated Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Each Approved Vehicle must be staffed by Franchisee or its Designated Manager at all times. Franchisee shall keep Franchisor informed at all times of the identity of any principal acting as a Designated Manager. Designated Managers shall devote their full time and best efforts to the day-to-day operation and management of the Spaulding Decon Business and shall not engage in any other business activity without Franchisor's prior written consent. Designated Managers will be required to sign our form of Confidentiality and Restrictive Covenant Agreement attached hereto as Exhibit C.

7.7.6 Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the Spaulding Decon Business in a businesslike, proper and efficient manner.

7.7.7 Franchisee will obtain and use all equipment required by Franchisor, and will refrain from using any equipment prohibited or not approved by Franchisor.

7.7.8 Franchisee will use only Franchisor's approved methods of decontamination it provides for any client of the business ("Client"), which shall be outlined, and updated as Franchisor deems necessary, by Franchisor. Franchisee will only provide such services in the manner Franchisor specifies.

7.8 **Spaulding Decon Business Evaluation**. Franchisee agrees, that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, to permit Franchisor, during business hours, to inspect Franchisee's Approved Vehicle, and, if applicable, office space, confer with Franchisee and Franchisee's employees and customers, check methods, instruction, and techniques, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.9 **Computer Software and Hardware**. Franchisee shall purchase and use any and all computer software programs ("Software") which Franchisor has developed or may develop and/or designate for use for the System, and shall purchase such computer hardware as may be necessary for the efficient operation of the Software, which may include, without limitation, desktop computer, printer, fax machine, mobile phone and a wireless router. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software meeting Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded.

7.9.1 Franchisee must use the proprietary software that Franchisor designates (the "Designated Software") pay the associated monthly fee for the Designated Software, currently $300 per month. Franchisor reserves the right to change the amount of this fee as changes are made to the System's hardware and software requirements. Franchisee, at its own expense, must obtain the computer hardware required to implement the Designated Software, and Franchisee must comply with all specifications and standards prescribed by Franchisor regarding the Designated Software as provided from time to time in the Operations Manual or otherwise in writing. Franchisee shall only utilize the Designated Software as prescribed by Franchisor and the Designated Software will be considered to be a part of Franchisor's Confidential Information. Franchisee expressly acknowledges that Franchisor shall have the unlimited right to access all data contained in the Designated Software, as well as any other Software used by Franchisee in the operation of the Spaulding Decon Business, and accordingly, Franchisee must take any and all actions specified by Franchisor to ensure that Franchisor has said access to the Designated Software and/or other Software.

7.10 **Area Computer Network, Intranet or Extranet Participation**. Franchisee is required to participate in any System-wide area computer network, intranet system or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with Franchisor and other System franchisees; and (v) participate in online training. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Operations Manual, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.11 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks or System into disrepute. Franchisee further agrees and acknowledges that it must conduct the Franchised Business in an ethical manner. Accordingly, Franchisee hereby consents and agrees that Franchisor may conduct periodic background checks on Franchisee through the Term of this Agreement to ensure that Franchisee has not engaged in an unethical or criminal act that may damage Franchisor's Proprietary Marks or System.

7.12 **Best Efforts**. Franchisee must use best efforts to promote and increase the demand for the goods and services of the Spaulding Decon Business. All of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Spaulding Decon Business or the goodwill associated with the Proprietary Marks and System.

7.13 **Telephone**. Franchisee must obtain a new mobile telephone number and telephone listing at Franchisee's expense, to be listed under the "Spaulding Decon" name and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the Spaulding Decon Business. Franchisee expressly agrees to execute the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names attached hereto as Exhibit B, which provides that, upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing, as well as any other facsimile numbers and listings and domain names and Internet listings, and assign same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.14 **Payment of Debts**. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods for use in the Spaulding Decon Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Spaulding Decon Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes, arising from Franchisee's operation of the Spaulding Decon Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.15 **Compliance with Applicable Laws**. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, design and operation of the Spaulding Decon Business (including, without limitation, all regulations relating to decontamination generally, occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee expressly acknowledges that Franchisor has not researched the specific laws and regulations applicable to Franchisee's Spaulding Decon Business, and that Franchisee is solely responsible for compliance with such laws and regulations. Franchisee will have sole authority and control over the day-to-day operations of the Spaulding Decon Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Spaulding Decon Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.16 **Trade Secrets and Confidential Information**. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.17 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer services which will distinguish the Spaulding Decon Business from other businesses and chains that offer similar services at different prices and with less attention paid to the quality of service, knowledge, and customer service. Franchisee agrees to offer services and to conduct the Spaulding Decon Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a Spaulding Decon Business. Franchisee shall, in the operation of the Spaulding Decon Business, use only displays, forms and other specified materials imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.18 **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Spaulding Decon Business.

7.19 **Standard Maintenance**. Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle and the contents thereof, including its signs, equipment, fixtures, and any other tangible part or property associated with the Spaulding Decon Business, at Franchisee's sole expense and at such times as Franchisor may reasonably direct. Franchisee agrees that Franchisor has the right to direct Franchisee to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle in the manner necessary to bring it into conformance with other Spaulding Decon Businesses opening at the time of such direction.

7.20 **Agreements with Clients**. Prior to providing any services to any Client, Franchisee will provide to that Client any information or disclosures required by Franchisor or otherwise by law. Franchisee will fully comply with any Client warranty or guarantee program implemented by Franchisor, and Franchisee will not misrepresent or omit to state any required warranty or guarantee. Franchisee will resolve all Client complaints and disputes directly with Clients, and will make every reasonable effort not to involve Franchisor in those disputes.

7.21 **Forms of Client Payment**. Franchisee will maintain agreements or arrangements with any financial institution or credit/debit card issuer or sponsor designated by Franchisor, so that the Spaulding Decon Business may accept Clients' credit cards, debit cards, checks, and other methods of payment designated by Franchisor.

8. TRAINING

8.1 **Initial Training Program**. Franchisee shall attend (if Franchisee is a partnership, corporation or limited liability company, Franchisee's general partner, principal shareholder, or principal member/manager, as appropriate, shall attend) and complete to Franchisor's satisfaction, Franchisor's initial training program (the "Initial Training Program"). If Franchisee has a Designated Manager, as described in Section 7.7.5 of this Agreement, then he/she/they shall also attend the initial training program. Franchisor provides the Initial Training Program for up to two (2) people, including

Franchisee, so long as all individuals attend at the same time. If Franchisee wishes to bring a third person to the Initial Training Program, then the Initial Training Fee for the third and each additional person is $1,500 per person. If all individuals do not attend the Initial Training Program at the same time, Franchisor reserves the right to charge its then-current Initial Training Fee, which is currently $4,900 for up to an additional two individuals to attend the Initial Training Program on a different date. All training shall be held at Franchisor's headquarters in Brandon, Florida, Franchisee's Franchised Business, training via remote learning, or another site designated by Franchisor. All training related expenses, including Franchisee's and its employees' transportation to and from the training site, as well as their lodging, meals, and wages during training, are Franchisee's sole responsibility. The Initial Franchisee Training Program lasts approximately two (2) weeks. Franchisee shall complete the Initial Training Program to Franchisor's satisfaction no later than forty-five (45) days prior to commencing operations of the Spaulding Decon Business. Should Franchisee or another individual fail to complete the initial training program to Franchisor's satisfaction, at Franchisor's option, the respective person may repeat the course. Franchisor may charge its then-current Initial Training fee for such repeat training. Failure by Franchisee to complete the Initial Training Program to Franchisor's satisfaction is a cause for termination of this Agreement and Franchisor may terminate this Agreement.

8.2 **Training of Additional Personnel**. Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel at Franchisor's then-current tuition rate (the "Training Fee"). Franchisee is responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training Franchisee's additional personnel. Only Franchisor-provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor as they are developed. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property and Confidential Information, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

9. INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Spaulding Decon Business as Franchisor may designate from time to time. Franchisor's requirements are specified in the Operations Manual and may be revised in writing from time to time. Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its Spaulding Decon Business. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee also expressly agrees to carry such insurance as may be required by any of Franchisee's lenders or equipment lessors. Franchisee must annually submit a certification of insurance which demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has

the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice. Franchisee must secure the required insurance prior to attending the Initial Training Program.

10. FINANCIAL RECORDS AND REPORTS

Franchisee must maintain for at least seven (7) fiscal years from their preparation complete financial records for the operation of the Spaulding Decon Business in accordance with U.S. generally accepted accounting principles and must provide Franchisor with: (i) a weekly Gross Sales Report signed by Franchisee and in the form Franchisor specifies, which contains the sales information pertaining to the preceding month including, without limitation, a summary of all monies received during the relevant period categorized by service, as well as counts of clients, leads, new member sales and overall members, and such other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a quarterly income statement and profit and loss statement, within fifteen (15) days following the end of each quarter, in a format specified by Franchisor, including a standard chart of accounts; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certified public accountant or state licensed public accountant, within ninety (90) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Spaulding Decon Business is operated, within thirty (30) days after their timely completion (or if Franchisee was granted an extension to file its taxes, proof that such extension was granted); and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for Franchisee to use, and specify the type of equipment to be used in connection with the Spaulding Decon Business. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access.

11. BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Spaulding Decon Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records, which includes Franchisee's call logs related to the Spaulding Decon Business, at any time during normal business hours, to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or any other payments due to Franchisor, or Franchisee's local advertising expenditures, by more than two percent (2%) Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with any amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

Franchisee shall use Franchisor's then-current Approved Supplier, which may be Franchisor or an affiliate, for bookkeeping services and pay the then-current bookkeeping fee (the "Bookkeeping Fee"). The Bookkeeping Fee will not exceed $700 per month.

12. ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the Spaulding Decon Business, Franchisee shall place or display on the Approved Vehicle only such signs, emblems, lettering, logos, displays and advertising materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least fifteen (15) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use and which Franchisor has not previously approved, including, but not limited to, print, radio and television advertising, signage, supplies and packaging. Franchisor's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a rejection. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense. Franchisee will ensure that its local advertising and promotions reflect favorably on and do not disparage the Proprietary Marks, Franchisor, and any other franchisee.

12.2 **Internet Website**. Franchisee must have and maintain adequate hardware and software in order to access high speed Internet, such that Franchisee is able to access Franchisor's designated Software. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

12.2.1 Franchisor has established an Internet website that provides information about the System and the services offered by Spaulding Decon Businesses. Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.2.2 Franchisor may provide an interior page on its website(s) or a separate Franchisor-created website that contains information about Franchisee's Spaulding Decon Business. Franchisor reserves the right to require Franchisee to prepare and maintain all of the information, links, videos, images, etc. needed for Franchisee's page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Spaulding Decon Business. All additional websites for Spaulding Decon Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by Franchisee to create and manage individual websites and pages.

12.2.4 Franchisor shall have the right to modify the provisions of this Section 12.3 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the

System.

12.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.spauldingdecon.com and any other Internet domain names registered by Franchisor, and Franchisee unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates, or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 **National Brand Fund**. Franchisor established a national advertising fund (the "National Brand Fund"). Franchisee must participate in and contribute weekly to the National Brand Fund in the amount of the greater of (i) one and one-half percent (1.5%) of weekly Gross Sales, or one hundred dollars ($100) per week to the National Brand Fund (the "Brand Fund Contribution"). Franchisee must pay the Brand Fund Contribution in the same manner and time as the Royalty fees due under this Agreement.

12.3.1 Franchisor will use contributions to the National Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the products and services offered by the System. Franchisor has the sole right to determine contributions and expenditures of the National Brand Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend the National Brand Fund's contributions in the general best interests of the System on a national or regional basis. Nevertheless, Franchisee acknowledges that not all System Franchisees will benefit directly or on a pro rata basis from the National Brand Fund's expenditures. Franchisor may use the National Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities, social media activities, and advertising agencies; the cost of developing and maintaining an Internet website and managing social media and other online advertising; the cost of holding an Annual Convention, and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. While Franchisor does not anticipate that any part of the National Brand Fund's contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the National Brand Fund's contributions for public relations or recognition of the Spaulding Decon brand and for the creation and maintenance of Franchisor's website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.3.2 Franchisor may periodically assist franchisees in maintaining high quality standards by conducting customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be paid from the National Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the National Brand Fund contributions for such reasonable costs and overhead, if any, as Franchisor may incur in activities

reasonably related to the direction and implementation of the National Brand Fund.

12.3.4 Franchisor will prepare on an annual basis, and will have available for Franchisee within ninety (90) days of the end of the fiscal year, a statement of contributions and expenditures for the National Brand Fund, which will be provided to Franchisee upon Franchisee's written request. The National Brand Fund is not required to be independently audited.

12.3.5 Franchisor is under no obligation to conduct any advertising in Franchisee's Territory, however, Franchisor reserves the right to conduct such advertising if it chooses to do so in its sole discretion.

12.3.6 Franchisor will use commercially reasonable efforts to operate effectively all advertising, marketing, and promotions activities, including the National Brand Fund, but Franchisor will have no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the National Brand Fund. Franchisee is not a third party beneficiary of any other franchise agreement and will have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the National Brand Fund. Franchisee has no proprietary right in the National Brand Fund or the media created for it, and Brand Fund Contribution funds are not held in trust and do not create any trust or fiduciary duties on behalf of Franchisor.

12.4 **Regional Advertising and Promotional Cooperative**. Franchisor shall have the right, in Franchisor's sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to Franchisee's Spaulding Decon Business. Franchisor has the right to require that a Cooperative and/or franchisee advisory council(s) be formed, changed, dissolved or merged. If a Cooperative has been established applicable to Franchisee's Spaulding Decon Business at the time Franchisee begins operating under this Agreement, Franchisee must immediately become a member of such Cooperative. If a Cooperative applicable to the Spaulding Decon Business is established at any later time during the term of this Agreement, Franchisee must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If the Spaulding Decon Business is within the territory encompassed by more than one Cooperative, Franchisee is required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

12.4.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.4.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising;

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.4.4 All contributions (which may exceed the Local Advertising and Promotions Requirement described in Section 12.7, however Franchisee will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement) to the Cooperative shall be

determined by a majority vote of the member franchisees in the Cooperative, subject to Franchisor's approval, which shall not be unreasonably withheld;

12.4.5 Each member franchisee must submit to the Cooperative, no later than the 15th of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.4.6 All activities and decisions of the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative; and

12.4.7 Franchisor may grant to any franchisee, in Franchisor's sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.5 **Local Advertising**. In addition to the Brand Fund Contribution described above in Section 12.3, Franchisor will require Franchisee to spend at least the greater of (i) two thousand five hundred dollars ($2,500), (ii) or three percent (3%) of Gross Sales each month on local advertising and promotions in accordance with an annual local marketing plan developed by Franchisee (the "Local Advertising and Promotions Requirement"). Franchisee must spend the Local Advertisement and Promotion Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. Franchisee acknowledges and agrees that Franchisee's Local Advertising and Promotion Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising and promotions. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee must send Franchisor proof of these expenditures along with Franchisee's Gross Sales Reports, as specified in Section 3.11 of this Agreement. Franchisee's local advertising and promotions efforts will include advertisement of the Spaulding Decon Business in any print or online directory listings required by Franchisor, which advertisements Franchisee will submit to Franchisor for approval prior to placement.

12.6 **SEO and Digital Marketing.** Franchisee shall pay Franchisor, its affiliate, or an Approved Supplier, as designated by Franchisor, its then-current SEO and digital marketing fee (the "SEO and Digital Marketing Fee"). The SEO and Digital Marketing Fee will not exceed $1,500 per month.

13. INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Spaulding Decon Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates Franchisee's Spaulding Decon Business as an independently owned and operated Spaulding

Decon Business and that Franchisee independently owns and operates the Spaulding Decon Business as a System franchisee. At Franchisor's request, Franchisee must prominently display a "Franchises Available" sign in the form Franchisor prescribes and in the place that Franchisor designates. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Spaulding Decon Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of Franchisee's Spaulding Decon Business, including the use, condition, construction, equipping, decorating, maintenance or day-to-day operations of the Spaulding Decon Business, the sale of any service or merchandise sold from the Spaulding Decon Business, and Franchisee's advertising; (ii) Franchisee's use of the Proprietary Marks; (iii) the transfer of any interest in this Agreement or Franchisee's Spaulding Decon Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right, though not the obligation, to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14. SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Spaulding Decon Business without Franchisor's prior written consent, as described more fully in Section 14.3 below. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 Transfer Upon Death or Disability. Upon Franchisee's or any of its Designated Manager's death or disability, Franchisee's or the Designated Manager's executor,

administrator, conservator, guardian, or other personal representative must transfer Franchisee's interest in this Agreement, or the Designated Manager's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Designated Manager's heirs, beneficiaries, or devisees) that Franchisor must approve, in Franchisor's sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 14. If Franchisee is an entity and has more than one (1) principal, upon a principal's death, the remaining living principals may continue operation of the Spaulding Decon Business while the transfer is being finalized (but is still subject to the transfer provisions of Section 14). A failure to transfer Franchisee's interest in this Agreement or the Designated Manager's ownership interest in Franchisee within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Designated Manager from supervising the management and operation of the Spaulding Decon Business.

14.2.2 Operation Upon Death or Disability. If, upon Franchisee's or the Designated Manager's death or disability, a certified manager is not managing the Spaulding Decon Business, Franchisee's or the Designated Manager's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager who owns an interest in Franchisee. The manager must complete Franchisor's standard training program at Franchisee's expense. A new Designated Manager (who owns an interest in Franchisee) acceptable to Franchisor also must be appointed within thirty (30) days. If, in Franchisor's judgment, the Spaulding Decon Business is not being managed properly any time after Franchisee's or the Designated Manager's death or disability, Franchisor may, but need not, assume the Spaulding Decon Business's management (or appoint a third party to assume its management). Franchisor may charge Franchisee (in addition to the Royalty, Brand Fund Contribution, and other amounts due under this Agreement) a reasonable amount of compensation, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes the Spaulding Decon Business's management under this subparagraph. Provided Franchisor is not grossly negligent and does not commit an act of willful misconduct, Franchisor will not be liable to Franchisee or its owners for any debts, losses, or obligations the Spaulding Decon Business incurs, or to any of Franchisee's creditors for any products, other assets, or services the Spaulding Decon Business purchases, while Franchisor (or a third party) manages it. Franchisor's assumption of the Spaulding Decon Business's management will be for no more than ninety (90) day intervals. Franchisor will reevaluate the situation at the end of each such interval in consultation with Franchisee.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur if Franchisee is: (i) a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) in accordance with Section 14.4 below shall not be subject to Franchisor's right of first refusal described herein in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Spaulding Decon

Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 below), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 below. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Spaulding Decon Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, within the period permitted for cure, and must have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and their respective officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; provided, however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other decontamination business or franchise system which is similar in nature or in competition with Franchisor, except that the transferee may be an existing System franchisee;

14.3.2.6 The transferee shall execute Franchisor's then-current form of franchise agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to: Fifteen Thousand Dollars ($15,000).

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's sole expense within the time frame required by Franchisor;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Spaulding Decon Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Spaulding Decon Business and the transferee's performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against Franchisee;

14.3.2.16 Franchisor may disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Spaulding Decon Business that Franchisee supplied to Franchisor;

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise; and

14.3.2.18 Franchisee is responsible for payment of all commissions or other monies due from the sale of the Spaulding Decon Business if: (i) Franchisee listed the Spaulding Decon Business with a broker; or (ii) transferee is referred to Franchisor by a broker lead referral network or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without

assessing the transfer fee set forth in Section 14.3.2.7 hereof, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 14.3.1 hereof if:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Spaulding Decon Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and such persons execute a confidentiality and noncompetition agreement as set forth in Section 17.2 hereof.

14.5 **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15. BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Spaulding Decon Business.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Spaulding Decon Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. If Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Spaulding Decon Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct relevant to the operation of Franchisee's Spaulding Decon Business.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Spaulding Decon Business.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to successfully complete initial training as provided in Section 8.1 hereof.

15.2.5 Repeated Breaches (Within 12-month period). If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12) month period.

12.2.6 Repeated Breaches. If Franchisor sends Franchisee three (3) or more written notices to cure, whether or not such defaults are actually cured.

15.2.7 Breach of Other Agreements. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates or the lease or finance agreement for the Approved Vehicle, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure.

15.2.8 Misuse of the Proprietary Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 Violation of Health Code. If Franchisee violates any health, safety or sanitation law, ordinance or regulation, including those regulating decontamination businesses, or operates the Spaulding Decon Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.10 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1 hereof.

15.2.11 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.12 Insolvency. If Franchisee or any of Franchisee's principals become insolvent.

15.2.13 Abandonment. If Franchisee voluntarily or otherwise abandons the Spaulding Decon Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the Spaulding Decon Business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the Spaulding Decon Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.14Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved training or other products or services at or from the Spaulding Decon Business.

15.2.15 Unapproved Purchases. If Franchisee orders or purchases supplies, signs, services, furnishings, fixtures, equipment or inventory from any currently unapproved supplier.

15.2.16 Proprietary Software. If Franchisee misuses or makes unauthorized use of Franchisor's Proprietary Software Program, if any.

15.2.17 Insurance. If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9 hereof.

15.2.18 Government Regulations. If Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Spaulding Decon Business.

15.2.19 Government Actions. If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.20 Anti-Terrorist Activities. If Franchisee fails to comply with the provisions of Section 22.7 hereof.

15.2.21 Personal Use of Spaulding Decon Business Property. If Franchisee takes for Franchisee's own personal use any assets or property of the Spaulding Decon Business, including the Approved Vehicle, employee taxes, FICA, insurance or benefits.

15.2.22 Insufficient Funds. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.23 Annual Conference. If Franchisee fails to attend the Annual Conference for two (2) consecutive years.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after providing notice and expiration of the fifteen (15) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated suppliers.

15.3.2 Under-reporting of Gross Sales. If any audit reveals that Franchisee has understated Franchisee's Royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or payments for any two (2) reporting periods within any twelve (12) month period, as described in Section 11 hereof.

15.3.3 Endorsement of Checks. If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously remitted to Franchisee.

15.3.4 Failure to Open. If Franchisee fails to commence operations of Franchisee's Spaulding Decon Business within the time prescribed in Section 7.4 hereof.

15.3.5 Interruption of Service. If Franchisee fails to maintain the prescribed days or hours of operation at the Spaulding Decon Business.

15.3.6 Failure to Personally Supervise Operations or Employ Adequately Trained Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise the day-to-day operation of the Spaulding Decon Business or fails to elect one or more Designated Manager(s) (as defined in Section 7.7.5) to supervise the day-to-day operation of the Spaulding Decon Business as required under this Agreement. Franchisee shall also be in default of this Agreement if Franchisee's Designated Manager leaves the Franchised Business and Franchisee either (i) fails to manage the day-to-day operation of the Franchised Business on a full-time basis, or (ii) fails to hire a new Designated Manager that is approved by Franchisor within 15 days.

15.3.8 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.9 Other Conduct Reflecting Adversely on System. If Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System.

15.3.10 Licenses and Permits. If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Spaulding Decon Business.

15.3.11 Failure to Secure Approved Vehicle. If Franchisee fails to secure an Approved Vehicle within sixty (60) days from the date of this Agreement.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement after providing notice and a thirty (30) day cure period if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step-In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to exercise complete authority with respect to the operation of the Spaulding Decon Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with Franchisor's operation of Franchisee's Spaulding Decon Business including, without limitations, costs of personnel for supervising and staffing the Spaulding Decon Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Spaulding Decon Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines,

claims, suits or proceedings which may arise out of Franchisor's operation of the Spaulding Decon Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.7 **Final Charges**. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Spaulding Decon Business.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual to Franchisor, along with all other manuals and Confidential Information Franchisor loaned to Franchisee, and immediately and permanently cease use of any Confidential Information;

16.1.5 Immediately cease using all telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the Spaulding Decon Business and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers attached hereto as Exhibit B or, if Franchisor directs, to disconnect the numbers and delete the listings;

16.1.6 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as Franchisor directs;

16.1.7 Cease to hold itself out as Franchisor's franchisee;

16.1.8 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after the termination, expiration or transfer of this Agreement;

16.1.9 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records at any time within six (6) months of the effective date of termination, expiration, or transfer;

16.1.10 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.11 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

16.1.12 Transfer all rights and access to any proprietary software program used in connection with the Spaulding Decon Business; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Power of Attorney**. Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

16.3 **Option to Purchase Personal Property**.

16.3.1 Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Spaulding Decon Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule, irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Spaulding Decon Business, or Franchisor may require that Franchisee close the Spaulding Decon Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are

not reasonably necessary (in function or quality) to the Spaulding Decon Business's operation or that Franchisor has not approved as meeting standards for the Spaulding Decon Business.

17. COVENANTS

Franchisee acknowledges that as a member of Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement**. During the term of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Designated Manager, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Designated Manager may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any business that offers decontamination services, including, but not limited to, bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to Franchisee's operation of any other Spaulding Decon Business; or

17.1.2 Divert or attempt to divert any business or customer or prospect of the Spaulding Decon Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

17.2 **After the Term of This Agreement.**

17.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business that is competing in whole or in part with Franchisor by granting franchises or licenses to operate a Competing Business.

17.2.2 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, be employed by, or have any interest in any Competing Business located: (i) within the Territory granted to Franchisee hereunder; or (ii) within a radius of fifteen (15) miles of the perimeter of, (a) the Territory being granted hereunder, or (b) any other territory licensed by Franchisor as of the date of expiration, termination or transfer of this Agreement; or

17.2.2.2 Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. DISPUTE RESOLUTION

18.1 **Choice of Law**. This Agreement shall be governed by the laws of the State of Florida

18.2 **Internal Dispute Resolution**. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation**. At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 18.2 above, must be submitted first to non-binding mediation, in or near Brandon, Florida under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s)

that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.4 **Selection of Venue**. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Hillsborough County, Florida and the jurisdiction and venue of the United States District Court for the Middle District of Florida. Franchisee acknowledges that this Agreement has been entered into in the State of Florida, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Brandon, Florida. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida set forth above. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests.

18.5 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims**. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief

was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 **Waiver of Punitive Damages**. Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE SPAULDING DECON BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19. REPRESENTATIONS

19.1 **No Authority**. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 **Opportunity for Review by Franchisee's Advisors**. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION.

19.3 **Execution of Agreement**. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS OR HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION OR ALL OF THE MEMBERS/MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER INTERESTS IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY.

20. GUARANTY

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit A. If Franchisee is an individual, Franchisee's spouse must execute a continuing personal guarantee in the form attached hereto as Exhibit A.

21. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either certified mail, or via a recognized courier service offering a delivery receipt (e.g., UPS or FedEx), to the following addresses (which may be changed by written notice):

Franchisee: _____

_____

Franchisor:	Spaulding Decon Industries, Corp. 1032 E Brandon Blvd. #8338 Brandon, FL 33511
With a copy to:	Evan Harra, Esq. Spadea Lignana, LLC 232 N. 2nd Street Philadelphia, PA 19106

22. MISCELLANEOUS

22.1 **Entire Agreement**. This Agreement contains the entire Agreement of the parties. There are no representations, either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations made in the franchise disclosure document that was furnished to Franchisee.

22.2 **Construction of Language**. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to "immediate family" means spouse, parents, children and siblings and spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees.

22.3 **Severability**. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates, or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies**. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Franchisee's Spaulding Decon Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute all such documents on Franchisee's behalf.

22.6 **Force Majeure**. Neither Franchisee, Franchisor, nor Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities**. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees nor anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

22.8 **Attorneys' Fees**. If Franchisee is in breach or default of any monetary or nonmonetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of

Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Spaulding Decon Business. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23. ACKNOWLEDGMENTS

23.1 **Independent Investigation**. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Spaulding Decon Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 **No Guarantees or Representations of Earnings**. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees or representations as to the extent of Franchisee's success in operating a Spaulding Decon Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits associated with Franchisee's operation of the Spaulding Decon Business.

23.3 **Receipt of Disclosure Document**. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document, or "FDD", have been in Franchisee's possession for at least fourteen (14) days before Franchisee signed this Agreement and before Franchisee's payment of any monies to Franchisor, refundable or otherwise, and that any material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement.

23.4 **No Personal Liability**. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

_____

(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

PERSONAL GUARANTORS

_____

_____

SPAULDING DECON INDUSTRIES, CORP.

By: _____

Title: _____

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EXHIBIT A
to
SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

PERSONAL GUARANTY

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PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF THE FRANCHISEE IS AN INDIVIDUAL, FRANCHISEE'S SPOUSE MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Spaulding Decon Industries, Corp. ("Franchisor") that you are all of the shareholders of _____ ("Franchisee"), or all of the partners of Franchisee, or all of the members and managers, or the spouse of any individual Franchisee, or the spouse of any such shareholder, general partner, or member or manager of Franchisee, as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Spaulding Decon Industries, Corp. franchise agreement (the "Franchise Agreement"), and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and severally) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You agree to be bound by the dispute resolution procedures set forth in the Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this personal guaranty (the "Guaranty"), you will receive information, which Franchisor considers its trade secrets and confidential information. You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any "Confidential Information", as such term is defined in the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Guaranty.

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ARTICLE III
NON-COMPETITION

You acknowledge that as a participant in the Franchisor's franchise System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Guaranty, neither your, nor your principals, officers, or directors, nor any members of your immediate family or the immediate family of your principals, officers, or directors may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any business that offers decontamination services, including, but not limited to, bio-hazard cleanup, flood restoration, microbial remediation, hoarding cleanup, drug lab cleanup or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to Franchisee's operation of any other Spaulding Decon Business; or

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

c) Divert or attempt to divert any business or customer of the Spaulding Decon Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2) **After the Term of This Agreement.**

a) For a period of 2 years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in granting franchises or licenses to operate a Competing Business at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

b) For a period of 2 years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(i) Own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal (i) at the Spaulding

Decon Business; (ii) within the territory (the "Territory"); or (iii) within a radius of 15 miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement;

(ii) Solicit business from customers of Franchisee's former Spaulding Decon Business;

(iii) Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

(iv) Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under the Franchise Agreement and this Guaranty.

ARTICLE IV
MISCELLANEOUS

1) **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its System.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Florida.

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to non-binding mediation, in Brandon, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor,

which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at our option shall survive the termination or expiration of the Franchise Agreement.

a) The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(i) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(ii) Any claims arising out of or pertaining to any warranty issued; or

(iii) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Brandon, Florida, and the jurisdiction and venue of the United States District Court for the Middle District of Florida.

8) **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

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9) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10) **Attorneys' Fees**. If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

11) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

12) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

13) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

14) **Successors**. References to "Franchisor", "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

15) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee or you for any reason.

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PERSONAL GUARANTORS	SPOUSES
_____	_____
_____	_____
_____	_____

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EXHIBIT B
to
SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

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CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. _____ ("Assignor"), in exchange for valuable consideration provided by Spaulding Decon Industries, Corp. ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Spaulding Decon Business (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company, domain name registrar, or other applicable entity to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company, domain name registrar, and/or other applicable entity, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay to effectuate this Assignment, and agrees to fully cooperate with the telephone company, domain name registrar, and/or any other applicable entity, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

BY: _____ Date: _____

TITLE: _____

ASSIGNEE:

SPAULDING DECON INDUSTRIES, CORP.

BY: _____ Date: _____

TITLE: _____

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EXHIBIT C
to
SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

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CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, shareholders, officers, directors, general partners, members and managers and Designated Manager of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from Spaulding Decon Industries, Corp. (the "Company") to establish and operate a Spaulding Decon Business (the "Spaulding Decon Business") and the right to use in the operation of the Spaulding Decon Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Spaulding Decon Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes but is not limited to methods of decontamination and cleanup; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor's operational manual; trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for decontamination equipment; systems and training manuals; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing training; general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the operation of the Spaulding Decon Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a Spaulding Decon Business (collectively, the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. The Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Spaulding Decon Industries, Corp. Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Spaulding Decon Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has

become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Competing Business, as that term is defined in Section 17.1.1 of the Spaulding Decon Industries, Corp. Franchise Agreement, except a Spaulding Decon Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of Florida. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____
Name: _____
Title: _____
Date: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____
Title: _____
Date: _____

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EXHIBIT D
to
SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

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ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : _____

ABA# : _____

Acct. No. : _____

Acct. Name : _____

Effective as of the date of the signature below, _____ ("Franchisee") hereby authorizes Spaulding Decon Industries, Corp. ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at _____ _____: (1) all Royalty Fees; (2) all contributions to the National Brand Fund; and (3) any fees that the Company may impose under the terms of Franchisee's Franchise Agreement from time to time. Such withdrawals shall occur on a weekly or monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

_____

By: _____

Print name: _____

Its: _____

Date: _____

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EXHIBIT E
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

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SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____day of _____, 20__ (the "Effective Date"), by and between Spaulding Decon Industries, Corp., a Florida corporation, with its principal business address at 1032 E Brandon Blvd. #8338, Brandon, FL 33511. ("Franchisor") and _____, a _____ with an address at _____("Transferor").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a franchised business at _____("Franchised Business").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the Franchised Business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the Franchised Business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons

and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of the State of Florida, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Tampa, Florida and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Hillsborough, Florida pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

SPAULDING DECON INDUSTRIES, CORP.	**TRANSFEROR**
By:_____	By:_____
Name: _____	Name: _____
Title: _____	Title: _____

© 2023 Spaulding Decon Industries, Corp.

Date: _____ Date: _____

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EXHIBIT F
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

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LIST OF FRANCHISEES AS OF DECEMBER 31, 2022

State	Name	Address	City	Zip Code	Phone Number
AZ	Sonoma Assets LLC (Travis Barney)	1127 S LYN Rae Square	Mesa	85204	(480) 714-2404
CA	NorCal Decon LLC (Jarrod Jones)	924 Hoover Street	Fairfield	94533	(707) 688-5419
CA	Bio 911, Corp (Kirill Mendelson)	755 Savannah Circle	Walnut Creek	94598	(702) 236-9471
CA	Bio 911, Corp (Kirill Mendelson)	755 Savannah Circle	Walnut Creek	94598	(702) 236-9471
CA	Begin Again LLC (Erynn Dickerson)	5398 W Amberwood Dr.	Inglewood	90302	(310) 743-0900
CO	Shannon Lind	20392 E 43rd Ave	Denver	80249	(303) 847-4466
CO	Shannon Lind	20392 E 43rd Ave	Denver	80249	(303) 847-4466
FL	Ed McCarthy	24311 Production Circle	Bonita Springs	34134	(239) 356-4499
FL	Ed McCarthy	24311 Production Circle	Bonita Springs	34134	(239) 356-4499
FL	Palm Beach Decon (Chance Carrick)	6393 Hollywood Street	Jupiter	33458	(561) 720-3284
FL	Decon of Central Florida LLC (Samir Suleiman)	1519 Kelley Ave	Kissimmee	34744	(407) 598-8860
FL	Decon of Central Florida LLC (Samir Suleiman)	1519 Kelley Ave	Kissimmee	34744	(407) 598-8860
GA	NE GA Biohazard Inc. (Brian Linn)	217 Monte Lane	Jefferson	30549	(678) 866-1152
IL	Acquipro Inc. (William Skip)	9835 Derby Lane	Westchester	60154	(312) 731-5098
IN	Circle City Decon, Inc. (Mary Jo Ward)	11930 Lazy Oak Court	Fisher	46037	(913) 220-9433
IN	Circle City Decon, Inc. (Mary Jo Ward)	11930 Lazy Oak Court	Fisher	46037	(913) 220-9433
IN	Circle City Decon, Inc. (Mary Jo Ward)	11930 Lazy Oak Court	Fisher	46037	(913) 220-9433
KY	Shudh Inc. (Sashi Kuppala)	10721 Worthington Lane	Prospect	40059	(502) 475-1371
MD	Graham Decon Services LLC (Margain Fitzgerald)	19 Centre Ave.	Dundalk	21222	(443) 345-6463
MI	Detroit Spaulding Decon LLC (Aundrea Newburn)	38291 River Park Drive	Sterling Heights	48313	(404) 984-9638
NC	GDS Decon Solutions (Gary Shaw)	40 Odell School Road Unit 9	Concord	28027	(201) 580-1309
NC	Smith Acquisitions, LLC (Benjamin Smith)	704 Winfred Drive	Raleigh	27603	(919) 605-9372

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NJ	Danilack Decon LLC (Andrew Danilack)	1356 Crim Road	Bridgewater	08807	(973) 461-6749
OR	Prime Decon Inc (Christel Perkins)	2074 NE Aloclek Drive	Hillsboro	97124	(206) 527-3006
PA	Sanders Decon Inc. (Stephanie Sanders)	7715 Crittenden Street	Philadelphia	19118	(215) 201-5533
SC	Nizzi Group LLC (Matt Nizzi)	6941 River Ave	Charleston	29406	(404) 713-0115
SC	Nizzi Group LLC (Matt Nizzi)	6941 River Ave	Charleston	29406	(404) 713-0115
SC	Johnstone Restoration LLC (Chris Johnstone)	1120 W Butler Rd	Greenville	29607	(864) 313-3647
SC	TT&S Decon (Tammy Sutton)	917 Cassidy Road	Gaston	29053	(803) 394-8482
TN	Nashville Decon LLC (Gabe Chrismon)	315 Crusaw Drive	Clarksville	37043	(615) 270-4492
TN	Nashville Decon LLC (Gabe Chrismon)	315 Crusaw Drive	Clarksville	37043	(615) 270-4492
TN	Nashville Decon LLC (Gabe Chrismon)	315 Crusaw Drive	Clarksville	37043	(615) 270-4492
TN	Nashville Decon LLC (Gabe Chrismon)	315 Crusaw Drive	Clarksville	37043	(615) 270-4492
TX	Northern Lights Group LLC (Rhone McCall)	1029 Reinli Street, Bldg 109	Austin	78723	(512) 585-7399
TX	HazMat Holdings LLC (Rhone McCall)	1029 Reinli Street, Bldg 109	Austin	78723	(512) 585-7399
TX	HOF Services, LLC (Deidra Gurn)	15222 King Road #302	Frisco	75034	(469) 323-5363
TX	Coastal Remediation, Inc. (John Cotton)	1635 Dickinson Ave. FM 1266	Dickinson	77539	(713) 560-6773
TX	Bio Reeper LLC (Jerod Reep)	9696 Virginia Parkway	McKinney	75070	(469) 840-6160
TX	South Texas Decon LLC (Katie & John Borden)	25753 Two Springs	San Antonio	78255	(605) 376-8909
TX	South Texas Decon LLC (Katie & John Borden)	25753 Two Springs	San Antonio	78255	(605) 376-8909

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LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS, BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2022

State	Name	Address	City	Zip Code	Phone Number
AL	Kwik Dry LLC	16961 HWY 180	Gulf Shores	36542	(251) 923-8620
IL	Harper – Lewbowski Ventures INC	8668 Nealy Lane	Edwardsville	62026	(636) 485-1100
OR	Olimpia Restoration and Bio LLC	13460 SE Rusk Rd.	Milwaukie	97222	(503) 997-2734

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EXHIBIT G
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

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LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN 2022

State	Name	Address	City	Zip Code	Phone Number	Territories
FL	Hoyle-Lott Holdings LLC	9113 Integra Meadows Dr.	Davenport	33896	(813) 541-5663	2
GA	MJ Consulting and Services LP	380 Winkler Dr.	Alpharetta	30004	(770) 689-6090	7
MO	Queen Clean LLC	1400 E 2nd St.	Kansas	64101	(816) 208-3330	1
PA	Smolowe Enterprises Inc.	1518 Easton Road	Roslyn	19001	(215) 275-5533	1

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EXHIBIT H
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ILLINOIS ADDENDUM TO
SPAULDING DECON INDUSTRIES CORP.
FRANCHISE DISCLOSURE DOCUMENT
NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF ILLINOIS

The following is a revision to Item 5 of the Franchise Disclosure Document:

> The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

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

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

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Disclosure Document.

FRANCHISOR	**FRANCHISEE**
SPAULDING DECON INDUSTRIES, CORP.	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO

SPAULDING DECON INDUSTRIES CORP. FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

Section 3 of the Franchise Agreement is hereby amended as follows:

> The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

SPAULDING DECON INDUSTRIES, CORP.	**FRANCHISEE**
By: _____	By:
Name: _____	Name:
Title: _____	Title:
Date Signed: _____	Date Signed:

INDIANA ADDENDUM TO
SPAULDING DECON INDUSTRIES CORP. FRANCHISE DISCLOSURE DOCUMENT

a. Item 8, "Restrictions on Sources of Products and Services", Item 8 is hereby amended and supplemented by the addition of the following disclosure:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

b. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are hereby amended and supplemented, as follows:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

c. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

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

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

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

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

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

d. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Code are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the SPAULDING DECON INDUSTRIES CORP.'s Franchise Disclosure Document.

Item 5. Due to our financial condition, we are required to defer the collection of all fees paid to us before the business opens pending satisfaction of our pre-opening obligations to you set forth in the Franchise Agreement.

Item 17.

The Franchise Agreement provides that Spaulding Decon Industries Corp. may terminate the Franchise Agreement if you voluntarily or involuntarily file for bankruptcy. This provision may not be enforceable under federal bankruptcy law.

The Code of Maryland Regulations Section 02.02.08.16L provide that any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Summary of the Choice of Forum (provision (v.)) is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Exhibit I.

Exhibit I is hereby amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

AMENDMENT TO SPAULDING DECON INDUSTRIES CORP.'S FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This Amendment shall pertain to franchises sold in the State of Maryland and shall be 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 Agreement shall be amended as follows:

The Code of Maryland Regulations section 02.02.08.16L provides that any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. Sections 2.2.10 and 11.3.2.4 of the Franchise Agreement are amended accordingly.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to agree to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement may require you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase your franchise, it is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Franchise Agreement is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law, which is not first subject to arbitration under this agreement, in any court of competent jurisdiction within the State of Maryland.

The Franchise Agreement provides that Spaulding Decon Industries Corp. may terminate you if you file a petition in bankruptcy or bankruptcy proceedings are commenced naming you as debtor. These provisions may not be enforceable under federal bankruptcy law.

Sections 23.1, 23.2, and 23.3 of the Franchise Agreement are hereby deleted.

Section 23.4 of the Franchise Agreement is hereby amended to delete sentences two through four

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

Due to our financial condition, we are required to defer the collection of all fees paid to us before the business opens pending satisfaction of our pre-opening obligations to you set forth in the Franchise Agreement.

These amendments have been agreed to by the Parties.

The parties hereto, intending to be legally bound, have hereunto executed this Amendment under seal the day and year first written above.

SPAULDING DECON INDUSTRIES CORP.	**FRANCHISEE**
By: _____	By:_____
Name: _____	Name: _____
Title: _____	Title: _____

MINNESOTA ADDENDUM TO
SPAULDING DECON INDUSTRIES CORP. FRANCHISE DISCLOSURE DOCUMENT

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

a. Item 6, "Other Fees', Item 6 is hereby supplemented and amended by the inclusion of the following:

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

b. Item 13, "Trademarks", Item 13 is hereby supplemented and amended by the inclusion of the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

c. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

- With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

-ITEM 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

-Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from

membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

8. 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 THE
SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* ("NDFIL"). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.

1. To the extent required by the NDFIL, arbitration proceedings shall take place at a location mutually agreed upon by you and us.

3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;

4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;

5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extend prohibited by the NDFIL;

6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.

7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

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

9. Item 5 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement are hereby supplemented to state that payment of Initial Franchise Fee will be deferred until the Franchisor has fulfilled its initial obligations to franchisee, and the franchisee has commenced doing business.

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The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

SPAULDING DECON INDUSTRIES, CORP.	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date Signed: _____	Date Signed: _____

ADDENDUM TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of Spaulding Decon Industries, Corp. ("we," "us," or "our") for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled "Choice of law" and "Choice of forum," shall be supplemented with the following language:

> However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

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

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

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AMENDMENT TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Spaulding Decon Industries, Corp. Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The following language shall be added at the end of Section 18.1 of the Franchise Agreement:

   Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

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The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

SPAULDING DECON INDUSTRIES, CORP.	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date Signed: _____	Date Signed: _____

VIRGINIA ADDENDUM TO THE SPAULDING DECON INDUSTRIES CORP. FRANCHISE DISCLOSURE DOCUMENT

Item 5: Initial Fees. Item 5 is hereby amended to include the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17: Renewal, Termination, Transfer and Dispute Resolution. Item 17h is hereby amended and supplemented as follows:

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

VIRGINIA ADDENDUM TO
SPAULDING DECON INDUSTRIES CORP. FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF VIRGINIA ARE HEREBY AMENDED AS FOLLOWS:

Section 3 of the Franchise Agreement is hereby amended as follows:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

SPAULDING DECON INDUSTRIES, CORP.	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date Signed: _____	Date Signed: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

SPAULDING DECON INDUSTRIES, CORP.	**FRANCHISEE**
By: _____	By: _____

Name: _____

Title: _____

Date Signed: _____

Name: _____

Title: _____

Date Signed: _____

RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A "REGULATED STATE" AND COLLECTIVELY, THE "REGULATED STATES")

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement ("Rider") is entered into by and between (i) Spaulding Decon Industries, Corp. ("Franchisor"), and (ii) _____, a (individual/limited liability company/corporation) with an address at _____("Franchisee").

A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the "Franchise Agreement,"), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the "Franchised Business") that may be located in, or subject to the regulations of, one of the Regulated States (the "Applicable Franchise Registration State").

B. Franchisor and Franchisee wish to amend the Franchise Agreement as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement is hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. ("NASAA"), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee's rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

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

2. Except as provided in this Rider, the Franchise Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional

requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

3. The following sections are hereby removed from the Franchise Agreement: 23.1, 23.2, and 23.3.

FRANCHISOR	**FRANCHISEE**
SPAULDING DECON INDUSTRIES, CORP.	**[NAME]**
By: _____	By: _____
Name:_____	Name: _____
Title:_____	Title:_____
Date: _____	Date: _____

EXHIBIT I
TO THE SPAULDING DECON INDUSTRIES, CORP.
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE QUESTIONNAIRE

Franchisee Questionnaire

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) :

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Spaulding Decon Industries, Inc. ("we", "us"), and you are preparing to enter into a Franchise Agreement for the right to open and operate a franchised business (a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to this agreement, which you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Approved Location, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks or any other mark at any location outside your Designated Territory under the Franchise Agreement without regard to the proximity of these activities to the Approved Location of your Franchised Business(es)?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Tampa, Florida?

Yes____ No ____ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes____ No ____ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 16. Do you understand that we will not approve your purchase of a franchise from us, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that

is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____, 20_____	Dated: _____, 20_____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____, 20_____	Dated: _____, 20_____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER).

EXHIBIT J
TO THE SPAULDING DECON INDUSTRIES, INC.
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or otherwise 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
ILLINOIS	July 21, 2023
INDIANA	February 7, 2023, as amended July 10, 2023
MARYLAND	August 8, 2023
MINNESOTA	August 8, 2023
NEW YORK	Pending
NORTH DAKOTA	September 14, 2023
RHODE ISLAND	July 13, 2023
SOUTH DAKOTA	July 6, 2023
VIRGINIA	December 6, 2022, as amended July 14, 2023
WASHINGTON	Pending
WISCONSIN	July 7, 2023

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

EXHIBIT K
TO THE SPAULDING DECON INDUSTRIES, INC.
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS

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 Spaulding Decon Industries, Corp. 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Spaulding Decon Industries, Corp. 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 the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is also included in Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of May 23, 2023, which included the following Exhibits:

Exhibit A -- List of State Administrators/Agents for Service of Process
Exhibit B -- Table of Contents of Operations Manual
Exhibit C -- Financial Statements
Exhibit D -- Franchise Agreement
Exhibit E -- Sample Termination and Release Agreement
Exhibit F -- List of Franchisees
Exhibit G -- List of Franchisees Who Have Left the System
Exhibit H -- State Specific Addenda
Exhibit I – Franchisee Questionnaire
Exhibit J – State Effective Dates
Exhibit K – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Laura Spaulding and Toni Harvey, Spaulding Decon Industries, Corp., 1032 E Brandon Blvd. #8338, Brandon, FL 33511, (813) 298-7122; Business Alliance, Inc., 1145 Broadway, Suite 1380, Tacoma, WA 98402; and International Franchise Professionals Group, 499 Ernston Road, Suite B9, Parlin, NJ 08859; Kristin Odeh, Momentum Franchise Group, 3330 Oyster Tabby Drive, Wilmington, NC 28412, (512) 627-6559; Jason Strohmaier, J Stro Consulting, 64 Milwood Road, Branford, CT 06405, (203) 671-8757; Michael Terek, Inspire Franchise Consulting, 213 Rainprint Lane, Murraysville, PA 15668 (724) 708-6912; Scott Bleeker, SAK Consulting LLC, 21320 S Harrison Road, Edwall, WA 99008 (509) 720-1300

_____

_____

_____

[Signatures on the following page.]

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Entity: _____
Address: _____
Date: _____

RECEIPTS

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 Spaulding Decon Industries, Corp. 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Spaulding Decon Industries, Corp. 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 the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is also included in Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of May 23, 2023, which included the following Exhibits:

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Exhibit B -- Table of Contents of Operations Manuals	Exhibit G -- List of Franchisees Who Have Left the System
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_____

_____

_____

[Signatures on the following page.]

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Entity: _____

Address: _____

Date: _____