FRANCHISE DISCLOSURE DOCUMENT

ZOOM FRANCHISE COMPANY LLC
a Pennsylvania limited liability company
915 South Trooper Road
Norristown, PA 19403
877-629-7647
www.zoomdrain.com
support@zoomdrain.com

As a franchisee, you will operate a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers.

The total investment necessary to begin operations of a ZOOM DRAIN® franchise is between $250,000 and $500,000. This includes $50,000 that must be paid to the franchisor or its affiliates.

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 Ellen Rohr, Zoom Franchise Company, LLC at 915 South Trooper Road, Norristown, PA 19403, 877-629-7647.

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

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

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

Issuance Date: October 15, 2020

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 D.
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 E 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 ZOOM DRAIN business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a ZOOM DRAIN franchisee?	Item 20 or Exhibit D 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 Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the 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 to continue to operate your franchise business.

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

Some States Require Registration

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

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 Contacts for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

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

2. **Minimum Performance.** The franchisor has the right to terminate the franchise agreement based on your failure to achieve certain minimum sales goals.

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

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ZOOM FRANCHISE COMPANY, LLC
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

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

To simplify the language in this franchise disclosure document "**us**" "**our**" or "**we**" means Zoom Franchise Company, LLC, the franchisor. "**You**" or "**your**" means the person who buys the franchise. If you are a corporation, partnership or limited liability company, "**you**" or "**your**" also means the shareholders of the corporation, partners of the partnership or members and managers of the limited liability company, who must sign an Agreement to Comply with Certain Undertakings of the Franchisee.

Background of Us and Our Affiliates

We are a Pennsylvania limited liability company organized on July 19, 2013. Our principal place of business is 915 South Trooper Road, Norristown, PA 19403. We are operating under the business name ZOOM DRAIN Franchise Company, LLC.

Zoom Sewer & Drain Cleaning Service, Inc. ("Zoom Sewer & Drain") is an affiliate of ours. It was incorporated on August 9, 1995, in the State of Pennsylvania. Since that time, it has been operating the same type of business you will operate in the Philadelphia, Pennsylvania metropolitan area. Its principal place of business is 915 South Trooper Road, Norristown, PA 19403.

We have no predecessors or parents.

Agent for Service of Process

Our agents for service of process and their principal place of business addresses are disclosed in **Exhibit F**.

The Business

The franchisee will operate a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers under the Marks (as defined below) and in accordance with the System (as defined below). You will operate the ZOOM DRAIN franchise using the System and Marks as described in the Franchise Agreement, which is attached as **Exhibit A** (the "**Franchise Agreement**"). "**Marks**" means the service marks, trademarks, trade dress, trade names, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business (defined below). Currently, the Marks include "ZOOM," "ZOOM DRAIN" "ZOOM-JETTING" "Fast. Fixed. Zoom," "Fast. Focused. Fixed," "ZOOM DRAIN" and the Zoom Vortex design. "**System**" means the specially developed method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, standards and specifications, which may be changed, improved, modified, and further developed by us or our Affiliates from time to time.

Our System motto, "Fast. Focused. Fixed.®", is a reflection of the ZOOM DRAIN® culture, which emphasizes the importance of prompt responses to customer jobs, focused performance by trained experts, and ensuring the problem is fixed properly the first time. While most drain companies also engage in plumbing and related services, our System is "Focused" on drain and sewer work only, allowing our franchisees to develop an extensive know-how of the end of the plumbing fixture to the hand off to the waste treatment system, and allowing a franchisee to carry just the right equipment to address this "Focused" area of a customer's plumbing system. "Fixed" means that we will do whatever it takes to fix the problem. The System facilitates a culture and ability to go above and beyond on every job. We will stick with it until the problem is solved. We just don't give up.

As a Zoom franchisee, you will do business under the fictitious or assumed name of "**ZOOM DRAIN®**." For reference purposes, throughout this Disclosure Document, the term "**ZOOM DRAIN**" or "ZOOM DRAIN Business" means any business operating under the Marks and the System regardless of whether it is operated by a licensee, franchisee, affiliate, or us. The term "**Franchised Business**" means the ZOOM DRAIN Business you operate under the System and Marks and according to the terms and conditions of the Franchise Agreement. "**Services**" means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing drain cleaning and sewer inspections, installation, maintenance, repair, and replacement work. We reserve the right to modify, change. and add to the types of Services that may be provided by the Franchised Business, from time to time, and the right to include the sale of certain products in connection with the provision of such Services.

We offer a single unit franchise to operate one Franchised Business. If we approve you as a franchisee, you may sign a Franchise Agreement. In no event will you be a franchisee until we have signed a Franchise Agreement with you. We may permit you to convert an existing drain and sewer business into a Franchised Business. In our sole discretion, we may permit you to add the ZOOM DRAIN Business to an existing service business that provides related services we determine might provide strategic advantages. In such event, you will set up an affiliate entity to be the franchisee and sign a "Plus Play Addendum" which is found in Exhibit 5 of the Franchise Agreement at the same time you sign the Franchise Agreement.

The Services offered by ZOOM DRAIN Businesses are used primarily by residential and commercial customers. Your Franchised Business will have to compete with other types of plumbing and drain cleaning businesses and businesses offering one or more of the Services your Franchised Business will offer, including national chains, franchises, and local businesses.

Industry Regulations

You must comply with all of the state, federal and local laws, rules, regulations, ordinances, and requirements to operate your Franchised Business, and you are responsible for knowing the state, federal and local laws, rules, regulations, ordinances and requirements that regulate your Franchised Business and the sewer and drain cleaning industry. Some jurisdictions may require you to obtain a license before you can perform Services. If you are a legal entity, some jurisdictions may require that a properly licensed individual own an equity interest in the entity. You should thoroughly investigate and consult with an attorney regarding all applicable laws and regulations that might impact your Franchised Business before purchasing a franchise from us.

Our Business Experience

We began offering franchises in January 2014. While we do not directly operate a business of the type you will be operating, our affiliate, Zoom Sewer & Drain, has been operating a business similar to the ZOOM DRAIN Business since 1995. Our affiliate has not offered franchises in this or any other line of business. We are not currently involved in any other business other than franchising the ZOOM DRAIN Business and providing services to our franchisees. Neither we, nor any of our affiliates have offered franchises in other lines of businesses.

ITEM 2 BUSINESS EXPERIENCE

<u>Manager, President and Chief Executive Officer</u>: <u>James N. Criniti</u>

Since January 1, 2019, Mr. Criniti has been one of our Managers and our President and Chief Executive Officer.

Since August 1995, Mr. Criniti has also been the President of our affiliate, Zoom Sewer & Drain.

<u>Manager, Vice President and Chief Operating Officer</u>: <u>Ellen Rohr</u>

Since our inception in July 2013, Ms. Rohr has been one of our Managers and our Chief Operating Officer. Since January 1, 2019, Ms. Rohr has also been our Vice President. From July 2013 until December 2018, Ms. Rohr served as our President. She works from Rogersville, Missouri.

Since 2000, Ms. Rohr has also been the President of Bare Bones Biz, Inc., a consulting firm in Rogersville, Missouri that focuses on business planning and literacy.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

<u>Initial Franchise Fee</u>

You must pay us an initial franchise fee of $50,000 in a lump sum when you sign the Franchise Agreement ("**Initial Franchise Fee**"). The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

ITEM 6 OTHER FEES

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Note 1)	5% of Net Sales	Payable on the 10th day and 25th day of each month	We require payments to be made via electronic funds transfer ("**EFT**") or automated clearing house ("**ACH**") charges, as we designate.
Marketing Fee (Note 1)	2% of Net Sales	Payable on the 10th day and 25th day of each month	This amount is paid in the same manner as the Royalty Fees.

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Call Center Fee (Optional) (Note 2)	Up to $25 per scheduled appointment	Payable on the 10th day and 25th day of each month	If applicable, this amount will be paid in the same manner as the Royalty Fees.
Technology and Shared Services Fee (Note 3)	Our then-current Technology and Shared Services Fee; currently $1,200 per month	Payable on the 20th day of each month	This fee is paid beginning in the first month after you sign the Franchise Agreement.
Transfer Fee	Up to 50% of the then current Initial Franchise Fee	Prior to consummation of transfer	Payable when you sell your franchise, an interest in you or assets of your Franchised Business.
Renewal Fee	Up to 25% of the then current Initial Franchise Fee	At the time of renewal	Payable when you renew the Franchise Agreement.
Additional Training and Assistance (Note 4)	Fee and all expenses Currently $1,000 per day plus travel expenses	Upon request or as we require	This is for additional training we may provide from time to time or additional assistance that you need or request.
National Conference	Reasonable fees and all expenses	Upon demand	This is for an annual National Conference lasting 2-3 days which your Principal Owner must attend.
Testing for Supplier Approval	Reasonable fee	Upon demand	Only if you request that a supplier be approved.
Interest on late payments (Note 5)	Lesser of 1 ½% per month or maximum legal rate	Upon demand	Payable on all overdue amounts to us or our affiliates.
Audit Fee (Note 5)	Cost of audit	Upon demand	If we determine that you have been deficient in reporting your Net Sales by more than 2%.
Taxes (Note 6)	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business operation
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement and we have to seek assistance to enforce the Agreement.

* All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All fees are uniformly imposed on all franchisees.

Note 1: **Royalty Fee; Marketing Fee.** You are required to pay us a semi-monthly Royalty Fee of 5% of Net Sales. The Royalty Fee is payable on the 10th day and 25th day of the month (each a "**Payment Date").** The Royalty Fee payable on the 10th day of the month is based on the Net Sales made from the 16th day to through the last day of the prior month, and the Royalty Fee payable on the 25th day of the month based on the Net Sales made from the first day to the 15th day of that month (each a "**Payment Period**"). We reserve the right to modify the Payment Date and Payment Period from time to time.

You are required to pay us a semi-monthly Marketing Fee equal to an amount of 2% of Net Sales. The Marketing Fee is paid in the same manner as the Royalty Fees.

"**Net Sales**" means the total amount of all sales of products and services sold from, though, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes, and less bona fide refunds to customers and customer discounts.

We are authorized to take these fees, as well as the Technology and Shared Services Fee (if paid to us) from you by electronic transfer or such other manner that we may designate from time to time. You will comply with the procedures specified in the Confidential Operations Manuals or as otherwise communicated for the EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to provide payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program.

Note 2: **Call Center Fee.** We have developed a call center to answer your customers' telephone calls and to schedule appointments ("**Call Center**"). The Call Center is currently an optional service for you to use, but we reserve the right to require you to use the Call Center at any time on notice to you. If you choose to use the Call Center, you must pay us a Call Center Fee based on the number of scheduled appointments made by the Call Center. You must pay the Call Center Fee to us in the same manner as the Royalty Fee and Marketing Fee based on the appointments made by the Call Center on your behalf during the applicable Payment Period.

Note 3: **Technology and Shared Services Fee.** You are required to use various cloud-based shared services through accounts established by us. The Technology and Shared Services Fee covers your cost to use these shared services and includes up to 10 email addresses. We may also use the Technology and Shared Services Fee to support modifications and enhancements of our website and for other maintenance and support services we may choose to offer, including the costs we incur to research and develop apps and software, and to research and test new technology.

For so long as we determine to have locations listed on our website, your Franchised Business will have a dedicated page or set of pages on our website. Our approved vendor will develop the webpage for your Franchised Business based on the design templates we approve, and our vendor will provide ongoing search engine optimization services for the page(s) dedicated to marketing the services available from your Franchised Business.

The Technology and Shared Services Fee will be paid on the 20th day of the month in the same manner as the Royalty Fee and Marketing Fee. We will provide you with at least 30 days' notice of any change in the amount of the Technology and Shared Services Fee. Currently you will pay the full Technology and Shared Services Fee to us, however, we reserve the right to change service providers and/or to require you to pay this fee directly to the designated vendor. If you pay this fee to us, it will be due on the 20th of each month. We will alert you promptly upon our receipt of notice from the vendor of any increases in this fee or of our determination to have you pay the vendor directly, at which point the date on which your payment is due may change depending on the vendor's payment requirements.

Note 4: **Additional Training and Assistance Fees.** We reserve the right to charge you a reasonable amount for any training we provide to you, your managers or employees in addition to the initial Zoom Zip Team training described in Item 11. Currently, we charge $1,000 per day, plus travel and lodging expenses incurred by our trainers. You will also be responsible for any salaries, travel, meal, incidental, and lodging expenses incurred by persons attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it.

Note 5: **Interest /Audit Fees.** You must pay us interest on any amounts past due to us or our affiliates, including Royalty Fees, Marketing Fees, Technology and Shared Services Fee (if paid to us), Call Center Fees (if applicable) and products purchases. The rate of interest will be the lesser of 1½ % per month or the maximum legal rate in the jurisdiction where your Franchised Business is located. If you under report Net Sales, in addition to paying us for the amount of the deficiencies in the fees you paid, you must also pay interest on these unpaid amounts. If the amount of Net Sales you report for any calendar year is less than 98% of the actual Net Sales for that period, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging.

Note 6: **Taxes.** You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the operation of the Franchised Business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our affiliates' income.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$ 50,000	Lump Sum	Upon signing the Franchise Agreement	Us
Lease (Note 2)	$ 3,000 – $ 9,000	Lump Sum	Upon signing the lease	Landlord
Leasehold Improvements (Note 2)	$ 2,000 – $ 40,000	As incurred	Before Opening	General Contractor
Furniture, Fixtures and Computer System (Note 3)	$ 7,500 – $ 13,000	As incurred	As arranged	Suppliers
Vehicles (Note 4)	$ 7,000 – $ 9,500	As arranged Lease recommended.	Before Opening or Monthly	Auto dealer
Vehicle Wrap and Design	$ 4,500 – $ 5,500	As arranged	Before Opening	Suppliers

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
(Note 5)				
Initial Equipment and Inventory of Supplies (Note 6)	$ 40,000 – $ 50,000	Lump Sum	Before Opening	Suppliers
Business Licenses and Permits; Deposits and Pre-Paid Expenses (Note 7)	$ 0 – $ 5,000	As incurred	Before Opening	Government Agencies and Organizations; Utility Companies
Professional Fees	$ 500 – $ 3,000	As incurred	Before Opening	Attorney and accountant
Insurance – quarterly (Note 8)	$ 4,000 – $ 6,000	Lump Sum	Before Opening	Insurance agent
Initial Training Expenses (Note 9)	$ 500 – $ 5,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Initial Marketing Expenses (Note 10)	$ 45,000 – $ 60,000	As incurred	60 days after opening	Suppliers
Additional Funds – 6 months (Note 11)	$ 86,000 – $144,000	As incurred	As arranged	Suppliers, employees.
TOTAL (Note 12)	$ 250,000 – $ 500,000______			

The chart above describes the estimated initial investment for a Franchised Business. The chart above is based on a Franchised Business operated with either no employees or 1 part-time employee. If you hire full time employees, your expenses will increase. If you currently own or lease an existing building that meets our standards and specifications, and/or if you currently own equipment approved for use in connection with the operation of the Franchised Business, your initial investment expenses may be lower.

Note 1. **<u>Initial Franchise Fee.</u>** The Initial Franchise Fee is $50,000 and is described in greater detail in Item 5.

Note 2. **<u>Lease; Leasehold Improvements.</u>** You must find office space to lease that is within your Protected Territory. The size of the office should be approximately 1,000 square feet. The space you use should have sufficient parking for your Vehicles (defined below). If you do not own or purchase real estate for the location of your Franchised Business, you will need to lease space from a landlord. You may be permitted to conduct the Franchised Business from your home provided that doing so complies with applicable zoning regulations and the office space is significantly separate from the home. If you rent, the landlord will usually require you to pay the equivalent of one- or two-month's rent. The range in the Table above represents one month's rent and a security deposit of two month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. These costs will vary greatly depending on the metropolitan area where the Franchised Business will be located. These estimates are based on locations in and around the Philadelphia Metropolitan area. In most cases, we would expect franchisees to rent rather than purchase property.

Depending on the specifics of the site you select, you may need to remodel the space to meet the needs of the Franchised Business. We will provide you with layout, drawings, and design of a typical ZOOM DRAIN Business. The cost of construction, improvements, or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated a reliable estimate of costs cannot be projected. Sometimes you may receive a construction allowance from the landlord, or you may lease a location that was already built out in a suitable fashion and if so, the costs may be reduced accordingly.

Note 3. Furniture, Fixtures and Computer System. These figures include basic office furniture, fixtures, and basic business supplies. You will need to have or install communications systems that comply with our specifications, including high speed Internet access, email capacity and a dedicated telephone line. You will need the computer system described in Item 11. The low range includes license fees for 2 users for three months. The high range includes license fees for 5 users for three months.

Note 4. Vehicles. Before you open your Franchised Business, you are required to own, purchase, or lease three vehicles for use in connection with the Franchised Business. At least two of the Vehicles should be standard service trucks. We strongly suggest that you lease the Vehicles, but you may acquire Vehicles by purchase, and you may acquire used Vehicles so long as they meet our standards, including being not more than 7 years old, are laid out according to our specifications, are free from rust, and are able to accommodate the basic inventory list. The figures assume you will lease the Vehicles. The high estimate assumes you will incur expenses to ship the Vehicles from the dealer to the location of your Franchised Business. Lease rates on an unknown specific make or model of the Vehicles from an unknown region of the country cannot be predicted in advance. These costs will vary greatly depending on the make and model of vehicle selected and the prevailing lease rates in the metropolitan area where the Franchised Business will be located. These estimates are based on new Vehicles found in and around the Philadelphia Metropolitan area.

Note 5. Vehicle Wrap and Design. The Vehicles must be fully wrapped in accordance with our standards and specifications. You must also incorporate our specified truck designs, including shelving. To maintain the high quality of the Marks, logos, designs, and wraps associated with the System, you must have the Vehicles re-wrapped, refurbished and maintained, at your expense. You will not have to re-wrap the Vehicles until the 4^{th} year after you sign the Franchise Agreement (other than because of damage to the wrapping beyond normal wear and tear). Otherwise, you will have to re-wrap, refurbish and maintain the Vehicles as we determine in our sole discretion (typically every 2 to 3 years), in order to conform with the then-current signage, logos, design, or graphic wrap associated with the Franchised Business.

Note 6. Equipment and Initial Inventory. This includes the required Vehicle stock list, the equipment, and supplies you will need to start your Franchised Business, including the water jetting unit, draining cleaning machines, cameras and other diagnostic equipment, parts inventory and general plumbing tools. If, at the time you sign the Franchise Agreement, you already own equipment that meets our standards and specifications, and you wish to use that equipment in connection with the operation of the Franchised Business, you may do so, provided that you first secure our prior written approval.

Note 7. Business Licenses and Permits, Deposits, and Pre-Paid Expenses. These amounts represent the business licenses and permits you will likely need to establish the Franchised Business. Your Vehicles will likely need to be registered with your state vehicle registration authority. It also includes an estimate of the deposits your utility companies are likely to require. The amount of your actual utility deposits will vary depending on the size of your facility space, the number of utilities your landlord requires you to pay and the number of utility companies that require a deposit. Typically, utility providers require a deposit equal to 1 month's average charge for that utility. You are required to obtain all necessary licenses and pay all required governmental fees to operate your Franchised Business.

Note 8. **Insurance.** You must obtain, at a minimum, the insurance coverage that we require and meet the other insurance-related obligations we specify, all of which are described in detail in Section 8.9 of the Franchise Agreement. These amounts represent the estimated quarterly insurance premiums for the required insurance.

Note 9. **Initial Training Expenses.** These figures estimate the costs for your Principal Owner and up to 3 additional people to attend our initial Zoom Zip Team training program, including the cost of travel, lodging and meals. Our initial Zoom Zip Team training program is described in Item 11. "Principal Owner" refers to you, if you are a sole proprietor or the majority owner of you, if you are an entity. If there are multiple owners of you who have the same amount of ownership interest, then you will designate one of your owners to be the Principal Owner.

Note 10. **Initial Marketing Expenses.** You are required to conduct an initial advertising and marketing campaign during the first 6 months of operating your Franchised Business. This low estimate includes your required initial advertising spend of $15,000 during the initial 3 months of operating your Franchised Business. The high estimate reflects the cost of additional marketing efforts beyond the required initial advertising and marketing you may choose to do.

Note 11. **Additional Funds.** This item estimates your startup expenses during the initial period of 6 months of the operation of your Franchised Business. These expenses include telephone and Internet utilities, additional products, and supplies, etc., and wages for 3 to 4 employees. These estimates do not include Royalty Fees, Marketing Fees, Call Center Fees, or any other expenses which are already listed in the above charts and do not include an owner's salary or draw. These figures are estimates, and you may have additional expenses to start the business. Your costs will depend on various factors, including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rates; competition; and sales levels reached during the initial period.

Note 12. **Total.** Costs and expenses can vary depending on factors like whether you can operate the Franchised Business from your owner's home and/or whether you will hire any employees. These figures were based on the experience of our affiliate, Zoom Sewer & Drain, which has operated a similar business to the ZOOM DRAIN Business since 1995 in Philadelphia, Pennsylvania and our franchisees. The expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition, arrangements negotiated by you, and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

As of the issuance date of this Disclosure Document, we do not offer, either directly or indirectly, financing to you for any items. (See Item 10). We reserve the right to provide financing options, directly or indirectly, at any time in the future. The availability of third-party financing will depend upon various factors like the availability of financing generally, your creditworthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System. You are required to purchase all products, services, supplies, inventory, computer software and hardware (as described in Item 11), equipment and materials required for the operation of the Franchised Business from manufacturers, suppliers and distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention complaints, as well as payments, contributions or other consideration to us, our affiliates, any advertising fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements to assure quality and uniformity of Franchised Businesses and services provided to our customers. We may, from time-to-time, withhold, condition and/or revoke our approval of particular items and/or suppliers in our reasonable discretion. We and/or our affiliates may receive rebates, commissions, and other benefits from suppliers in relation to items purchased or leased by you and/or other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We and/or our affiliates may become exclusive, approved and/or designated suppliers at any time in the future.

Approved suppliers will be designated in the Confidential Operations Manuals or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Confidential Operations Manuals or otherwise communicate these changes to you in writing. Currently, neither our affiliates nor us are approved suppliers, but we reserve the right to become approved suppliers or designate one or more affiliates as approved suppliers in the future.

Currently, there are no approved suppliers in which any of our officers own an interest. Our officers reserve the right to have an interest in any approved supplier at any time in the future.

If you wish to: (a) purchase or lease any services, goods, products, equipment, and/or supplies not currently approved by us, or (b) use suppliers not approved by us as meeting our specifications, you must first notify us and secure our prior written approval. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies, or suppliers meet our specifications. Our standards and specifications may, among other conditions, impose minimum requirements for delivery, performance, design, and appearance. Generally, we will advise you within a 20-day period whether these goods, products, equipment, supplies, or suppliers meet our specifications. We are not required to identify the specifications or standards we require to you or to the proposed supplier, as such information may be considered confidential and/or proprietary to our System. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable charge for our review and consideration, and also based upon the cost of the test made by us or by an independent testing laboratory designated by us.

We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts that may include rebates to us and/or to our affiliates in the future. We and/or our affiliates have the right to affiliate ourselves with suppliers, and/or to receive revenues and/or other material consideration on account of purchases and leases made by franchisees. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of products or services or use of particular suppliers.

During the fiscal year 2019, neither we nor any of our affiliates derived revenue from selling products or services to franchisees or received any rebates from suppliers on account of purchases by franchisees. The purchase of products from approved sources will represent approximately 35% - 55% of your overall purchases in opening the franchise and 5% - 10% of your overall purchases in operating the franchise.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and meet the other insurance-related obligations we specify, all of which are described in detail in Section 8.9 of the Franchise Agreement. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history; however, as described in Item 7, the insurance charges are estimated to be $16,000 to $24,000 per year. All insurance policies must name us as an additional insured party.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 5.1, 5.2 and 5.3 of the Franchise Agreement	Items 6 and 11
(b) Pre-opening purchases/leases	Sections 8.4, 8.5, 8.6 and 8.9 of the Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections 5.4 and 5.5 of the Franchise Agreement	Item 11
(d) Initial and ongoing training	Sections 7.1 and a of the Franchise Agreement	Items 6, 7 and 11
(e) Opening	Sections 5.4, 5.5 and 8.12 of the Franchise Agreement	Item 11
(f) Fees	Article 6 of the Franchise Agreement	Items 5 and 6
(g) Compliance with standards and policies/Operations Manual	Article 8.1, 8.2, 8.7, 8.8 and 8.10 of the Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	Article 12 and Section 16.1 of the Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 8.2, 8.3 and 8.4 of the Franchise Agreement	Items 8, 12 and 16
(j) Warranty and customer service requirements	Section 8.8 of the Franchise Agreement	Item 11
(k) Territorial development and sales quotas	Section 3.3 of the Franchise Agreement	Item 12
(l) Ongoing product/service purchases	Sections 8.2, 8.3 and 8.4 of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 5.7 of the Franchise Agreement	Items 8, 11 and 17
(n) Insurance	Section 8.9 of the Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Article 9 of the Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Section 13.2 of the Franchise Agreement	Item 6
(q) Owner's participation/management/	Section 8.14 of the Franchise Agreement	Items 11 and 15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
Staffing		
(r) Records/Reports	Article 10 of the Franchise Agreement	Item 6
(s) Inspections/audits	Article 11 of the Franchise Agreement	Items 6 and 11
(t) Transfer	Article 14 of the Franchise Agreement	Item 17
(u) Renewal	Section 4.3 of the Franchise Agreement	Item 17
(v) Post-termination obligations	Section 15.4 of the Franchise Agreement	Item 17
(w) Non-competition covenants	Sections 16.3 and 16.4 of the Franchise Agreement	Items 15 and 17
(x) Dispute Resolution	Article 17 of the Franchise Agreement	Item 17

ITEM 10 FINANCING

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

Before you open the Franchised Business, we will:

(1) Designate your Protected Territory. (Franchise Agreement – Section 3.1 and Exhibit 2);

(2) You may locate or relocate your office only within the Protected Territory and only with our prior written approval. (Franchise Agreement – Section 5.1) The site for your Franchised Business must be approved by us. (Franchise Agreement – Section 5.3) If you and we cannot agree upon a site, we may provide you with reasonable additional time, in our discretion, to obtain an acceptable site. Our approval of a site is not to be regarded as an endorsement by us of any particular site, nor will it constitute a warranty by us as to the future success of the Franchised Business at that location. You are primarily responsible for investigating the site and having any leases or sale contract for the site reviewed and approved by your attorney. Typically, you will operate your office from a leased location, but you may choose to use a home office if there is sufficiently separate space and you comply with applicable zoning laws. You are solely responsible for locating, securing, and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. The site must meet our criteria for demographic characteristics; traffic patterns; parking; zoning; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics;

(3) Provide approved suppliers or minimum standards and specification for the products and services you need to equip and operate your Franchised Business. (Franchise Agreement – Sections 8.2 and 8.4);

(4) Provide an initial training program for the operation of the Franchised Business to your Principal Owner and up to 3 additional people. This training currently consists of 2 phases: one at your Approved Location and one at our headquarters in Norristown, PA. The two phases are described in greater detail later in this Item 11 and are subject to modification at any time. (Franchise Agreement – Section 7.1); and

(5) Provide you a copy of the Confidential Operations Manuals ("Manuals") described below. (Franchise Agreement – Section 8.10).

Time for Opening the Franchised Business

We estimate that the typical length of time between signing of the Franchise Agreement and date you Commence Operating a new Franchised Business is between 90 and 120 days. **"Commence Operating"** means, with respect to the Franchised Business or any particular Additional Location, the date you first perform or are able to perform the Services under the Marks to customers in your Protected Territory, which date(s) will be set forth in our notice(s) of approval. Factors affecting the length of time usually include satisfactorily completing the Zoom Zip Team training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits. The opening of the franchise may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. You must notify us of any such delays promptly. For any newly developed Approved Location, all construction work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 120 days after the Franchise Agreement is signed. For any newly developed Additional Location, all construction work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 120 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval. For any converted Franchised Business operated at an Approved Location, all conversion work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 90 days after the Franchise Agreement is signed. For any converted Franchised Business operated at an Additional Location, all conversion work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 90 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval. If you do not Commence Operating the Franchised Business within the time periods previously described, we have the right to terminate the Franchise Agreement.

During the Operation of your Franchised Business, we:

(1) May provide a Call Center to assist you in providing sales and support services to your customers for so long as we maintain it. You must pay us the Call Center Fee if you elect, or if we require you, to use the Call Center services (Franchise Agreement – 6.4);

(2) May provide to you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee for this additional guidance and assistance. (Franchise Agreement – Section 7.2); and

(3) Provide you with access to a copy of the Manuals. (Franchise Agreement – Section 8.10).

These Manuals are confidential and remain our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manuals that are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Manuals, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Manuals.

You must treat the Manuals, any other manuals or written materials provided by us or our affiliate for use in the operation of the Franchised Business, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manuals must be kept in a secure place within your Franchised Business. You must return all physical copies of the Manual to us, and you must permanently delete all electronic copies of the Manual in your possession or control upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from, or revisions to the Manuals, which you must comply with at your own cost. You must ensure that the Manuals are always kept current. If there is any dispute as to the contents of the Manuals, the terms of the master copies maintained by us, at our principal office, will be controlling. The table of contents of the Manuals, including allocations of pages to each subject, are included as Exhibit B to this disclosure document. As of the date of this disclosure document, the Manuals, collectively, consist of 449 pages.

ADVERTISING

Marketing Fund

We have established a marketing fund (the "**Fund**"). You must contribute Marketing Fees of 2% of Net Sales to the Fund on the Payment Dates based on the applicable Payment Period. We have complete discretion over the expenditure of Marketing Fees contributed to the Fund. The Marketing Fees received from you are used, in our discretion, to promote the ZOOM DRAIN brand and may be used to pay for, among other items, all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs, website design, and maintenance, and for any taxes incurred on these funds. Additionally, at our discretion, Marketing Fees contributed to the Fund may be used for: advertising on television, radio, direct marketing mailings, the newspaper, Internet and such other forms of advertising and public relations on a local, state, regional or national level as we deem appropriate in our discretion; search engine optimization; public relations; social media marketing, advertising and accounts; sales CRM; marketing CRM; customized lists for email, direct mail and calling services; postcard and/or email campaigns; e-commerce sites; contests and giveaways, among other uses, as we deem appropriate in our sole discretion. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We will not be obligated, in administering the Fund or otherwise, to make expenditures for your Franchised Business which are: (i) equivalent or proportional to your contribution; or (ii) spent in any particular area or territory, including in your Protected Territory. We do not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that we will use portions of the Marketing Fees towards the costs of any website we may maintain, which website may contain information about our franchising programs and we may include statements about the availability of information regarding the franchise opportunity and the purchase of a Franchised Business in any advertising and/or other items produced, circulated and/or distributed. We will not have to spend the funds in the Fund during any specific time period. We are permitted to perform any Fund functions ourselves, through our employees, representatives, agents or affiliates, in which case we are permitted to compensate ourselves or our affiliate(s) from Marketing Fees contributed to the Fund for the cost of performing those functions, including reasonable allocations of overhead and administrative expenses. Advertising may be handled by the outside advertising agency that we select. We are permitted to establish a separate entity to receive payments and administer the Fund, in which case we may require you to submit the Marketing Fees to that separate entity. Vendors and suppliers may, if we permit or require, contribute to the Fund.

We will account for the Fund separately from our other accounts or assets and will maintain a separate bank account. We will maintain separate bookkeeping accounts for the Fund, and we will provide an annual unaudited financial statement of the Fund upon request. The Fund will not be our asset. The Fund will also not be a trust. We will have a contractual obligation to hold all funds in the Fund for the benefit of the contributors and to use contributions only for their permitted purposes described in this Item 11. We will have no fiduciary obligation to you for administering the Fund.

ZOOM DRAIN Businesses owned by us or our affiliates will be required to contribute the same percentage of Net Sales to the Fund as our franchisees. If we do not use all of the funds contributed to the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We may spend an amount that is greater or less than Marketing Fees collected in any given year, and we have the right to borrow funds from any lender, including from us and/or any related parties, to cover Fund expenditures or commitments. We intend for the Fund to be of perpetual duration; however, we may terminate the Fund at any time. If terminated, any unspent Fund contributions will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Fund contributions to our franchisees in proportion to their respective contributions during the previous period we determine in our sole discretion. We will be entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund.

Your Own Advertising

In addition to your required contributions to the Fund, you must spend at least 5% of your Net Sales each quarter for advertising and promotion of your Franchised Business. You must have proof of your expenditures if we request to review your books and records. You must submit all your own advertising and sale promotion materials to us or our designated advertising agency for approval before use. If you do not receive written disapproval within 7 days after we or they receive the materials, we will be deemed to have given approval. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are not permitted to use the Marks in any manner that we have not expressly approved in writing. Without limiting this broad restriction, you may not use the Marks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved.

Currently, we require you to contract with our approved suppliers for e-marketing, search engine optimization, and pay per click marketing services. Amounts you spend with these suppliers count towards your 5% local advertising requirement.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook or Twitter). We currently maintain and control the web sites www.zoomdrain.com. We may provide contact information for ZOOM DRAIN Businesses, including the Franchised Business, on our website for so long as we determine. All the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or otherwise in writing, which may restrict the content that you are permitted to post to the social media outlet. We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies and you are responsible for ensuring that your managers and employees comply with the guidelines and procedures.

We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising delivered by electronic mail or other electronic means must be pre-approved by us and on terms specified by us.

Initial Advertising.

Under the Franchise Agreement, you must conduct an initial advertising and marketing campaign for your Franchised Business (the "Initial Advertising"). You must expend not less than $15,000 during the first three months of operation in connection with the Initial Advertising. You must use the marketing and public relations programs and the media and advertising materials that we designate or approve. The Initial Advertising must be conducted at the times we consider prudent. You must provide to us, within 30 days of our request, copies of all receipts and other documents we reasonably request, including but not limited to access to your QuickBooks Enterprise online management software, demonstrating your compliance with these obligations.

Advertising Councils and Cooperatives

At the present time, we do not have an advertising council composed of franchisees that advises us on advertising policies. We reserve the right to create such a council in the future.

Currently, we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If we establish an advertising cooperative, we will create the governing documents that control the cooperative, which documents will be available for franchisees and prospective franchisees to review. The governing documents do not presently exist. Day-to-day administration of any cooperative will be managed by a board comprised of the members of the cooperative that we select. The board will have the right to establish the amount of contributions required by each member of the cooperative, subject to our consent. The fees you contribute to any such cooperative will be in addition to your contributions to the Fund and to your Initial Advertising costs, but they will count towards your minimum local advertising expenditures. Any outlets that we or our affiliates own that are part of a cooperative we establish will participate in the management of the cooperative and will make contributions to the cooperative in the same manner as the franchisee-owned outlets that are members of that cooperative.

COMPUTER SYSTEM

You must obtain and use the computer system we require as will be stated in the Manuals. Currently, this includes the following computer hardware: at least one desktop computer operating Windows 7 or higher, tablet devices for all technicians and smart phones for all other employees who are engaged in field work. The cost of the computer system is estimated to be $1,500 depending on the specific computer, tablet and smart phone makes and options you elect to purchase. You must periodically check the Manuals for most current computer system requirements. You must have a functioning email address so that we can send you notices and otherwise communicate with you.

You must also obtain Intuit's QuickBooks Enterprise accounting software and integrate it with ServiceTitan. You will utilize a cloud-based network connection. The cost of this software is estimated to be approximately $185 per service technician you have accessing the software per month. ServiceTitan currently charges a setup fee of $1,495, which will be credited against the monthly service technician fees.

We also require that you obtain through us a subscription to G Suite by Google. Currently, the Initial Franchise Fee you pay to us when you sign your Franchise Agreement covers the G Suite by Google setup and training.

We have independent, unlimited access to the information generated by the computer system. The types of business information that will be collected will be orders, customer information, pricing, and sales information. We will have independent access to information and data in your computer system, including independent access to your QuickBooks Enterprise accounting, and there are no contractual limitations on our right to access the information. You are required to sign an acknowledgment with ServiceTitan confirming our access to your data on the ServiceTitan system. The acknowledgment is attached to the Franchise Agreement as Exhibit 7. We have no contractual obligation to upgrade or update any hardware or software.

In the future, we may require you to change, upgrade, or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software.

TRAINING

We or our representatives or agents will provide our then-current initial training program to your Principal Owner and personnel. We expect that initial training will be conducted after the Franchise Agreement has been signed and before you commence operating the Franchised Business. There is no specific date by which you must complete the training, but you must complete the training to our satisfaction before you open your Franchised Business. If you currently operate a ZOOM DRAIN Business, the training program is not mandatory, but it will be offered if we determine it to be necessary. We have the right to waive, in our sole discretion, any portions of the training program that we believe will not be necessary to you based on your previous experience. There currently are no fixed (i.e. monthly or bi-monthly) training schedules, but the training programs are given on an as-needed basis.

The initial Zoom Zip Team training program consists of two phases which occur prior to your opening: Phase 1 includes 2-3 days of training at your Franchised Business and Phase 2 includes 2-3 days in Norristown, PA. We do not charge for the initial Zoom Zip Team training program for your Principal Owner and up to 3 additional people, but you are responsible for wages, travel, and living expenses for your trainees.

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As of the issuance date of this Disclosure Document, our initial training program includes the following classroom and on-the-job instruction:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Orientation and Initial System Setup Perform Needs Assessment to line up Manuals and Programs delivery Engage Motivational Mapping for all key employees Establish Schedule of Meetings - Individual Coaching and Team Meetings Review Franchisee Operations Manual Review ZFC Org Chart and ZOOM Franchisee Org Chart Create Master Projects List, Top Projects – Project Management Software	4		Remote
Technology Setup Setup and Train on Office Productivity Suite Apps (Email, Online Storage, Calendar, Online Meetings, Word Processing) Setup Phone System and Integrate Call Routing Setup and Train on Management Information Software Setup and Train on Technician Tablet and Phone Review and Order Trucks and Equipment	8		Remote
Initial Training – Phase 1			
Planning Power	4	0	Remote

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Create, review Mission Statement Establish Goals for Current and Next Year Discuss "Hub and Spoke" Growth Model Update Project Management Software - Franchisee, Individual Update Master Project List – Franchisee Update Top 30 and Top 5 Projects Establish Master To Do Lists - Individual Demonstrate "Steps of Delegation"			
Operating Power Discuss Triangle of Communication Review Operations Manual - Service Techs Review Operations Manual - Service Coordinator Review Operations Manual - Dispatcher Review Operations Manual - Employee/Employer	16	0	Remote
Staffing Power Create the initial Organizational Chart Introduce Flow of Communication Schedule essential Manager Meetings and Agendas Review "Guidelines for Meetings" Practice the "Meeting with Me"	2	0	Remote
Financial Power Review "Best Chance of Success"	**4**	**0**	Remote

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Incorporate ZOOM Chart of Accounts Integrate Accounting and Management Information Software Create, Update Budgets Implement ZOOM Capture Procedure for franchise fees Review Month End Checklist Set Financial Remote Call Schedule Review "How Your Franchise Fees Are Used"' Setup Payroll Software			
Initial Training – Phase 2			
Marketing Power Set Grand Opening Date Establish Marketing Strategy Call schedule Review Marketing Manual Setup Marketing Budget Setup Marketing Allocation Setup Marketing Calendar Setup ZOOM Website and E-Marketing Program - SEO, PPC, Social Media Review and Utilize ZFC_op_Franchisee_Marketing_Checklist Review "The Top 5 Target Customers" - LTV, CAC	6	0	Franchised Business or Remote

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Determine Marketing Projects - next 6 months Introduce ZOOM Marketing Assets Order Welcome Aboard Marketing Packet			
Staffing Power Setup Hiring Software Create current and next phase Org Charts Launch Ads for SC, DSR and Service Tech Review Recruiting Procedures Review Hiring Procedures Roll out Human Resources Procedures Review Orientation Procedures Assign Orientation Checklists to each Team Member Establish Salary Levels	8	0	Franchised Business or Remote
Phase 3 Training			
Front Line Training - Techs Review Drain & Sewer Manual Update Apprentice to Tech Training Checklist Go on Ride Along/s w Service Techs Practice Price Book, "Scavenger Hunt" Common Tasks Practice Receiving, Invoicing Jobs on phones/tablets Practice Management Information		min 12	Model Shop

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Software Reports, Scorecards			
Front Line Training - Office Team Overview CSR/DSR Positions/Manuals Review of CSR Training Checklist Overview AR/Credit and AP/Payroll Positions/Manuals Side by Side with Customer Service Representative (CSR) Complete Side by Side with Dispatcher (DSR) Practice Full Cycle of Jobs "Call to Complete" in Management Information System Review Naming Convention, File Storage		min 12	Model Shop
Whole Team Participate in Model Center FQC/Top Projects Meeting Update Planning Power Remote Call Schedule Establish additional training needs and schedule on calendar		2	Model Shop
TOTAL	52	26	

Note that some subjects may be intermingled, and time periods and subject matter may be subject to change. The hours listed for On the Job will typically include more than one subject matter. The above are merely estimates.

The above training program is conducted by Ellen Rohr, Al Levi, and James Criniti. Ride along and certain training will include members of Zoom Sewer & Drain staff. The experience of Ellen, Al, and James is described below. Other members of the Zoom Sewer & Drain staff will have at least 2 years of experience working in the drain and sewer industry.

Ellen Rohr is a founding member of Zoom Franchise Company and the creator of a business and website (www.barebonesbiz.com) that provides business literacy training and books, and she is the developer of *The Bare Bones Biz Plan*, a step-by-step business planning model. Ellen has authored 4 books, including *Where Did the Money Go?*, *The Bare Bones Biz Plan*, *The Weekend Biz Plan* and *How Much Should I Charge?* She is also a frequent columnist for *PHCNews* magazine, *Visa Small Business* blog, *Huffington Post* blog, *U.S. Boiler* magazine and *The Springfield Business Journal*. Ellen's franchise experience includes serving as President of Benjamin Franklin Plumbing Franchise, LLC from 2001 to 2004.

Al Levi is a founding member of Zoom Franchise Company and the creator of unique business systems for contractors, which provide the backbone for the 7 Power Concepts he teaches. Al's website, www.appleseedbusiness.com, provides access to business systems and training both one-to-one onsite and remotely with contractors around the United States, including Leadership and Planning training, Operations Manuals and Systems training, Staffing System and Training, Sales Systems and Training, and Marketing System and Training. Al is the author of the Power Plans (*Leadership Power!*, *Operating Power!*, *Staffing Power!* and *Sales Power!*). Al is a monthly columnist for *Plumbing and Mechanical* magazine, and he contributes to monthly blog postings for many of the Business News Publishing online websites.

James Criniti is the President and a founder of our affiliate, Zoom Sewer & Drain, and a founding member of Zoom Franchise Company. He has operated a business similar to a ZOOM DRAIN franchise since 1995. James, a US Air Force Veteran, co-owns Zoom Sewer & Drain and has been specializing in sewer and drain work since that company started. Jim has worked with Al and Ellen since 2010 refining the ZOOM DRAIN Systems, Operations Manuals and Training Center. The Systems are fully implemented at Zoom Sewer & Drain.

We may provide additional training throughout the term of the Franchise Agreement. Sometimes the training may be provided through system-wide conference calls or in regional or national meetings. Currently, we conduct weekly "Huddle" telephone conferences that one member of your team is required to attend, and we intend to hold an annual 2 to 3-day national conference – Zoom Empire Wide in Norristown, PA or another location we designate. Attendance at the annual event will be mandatory for your Principal Owner (your managers are welcome to attend, but not required). We may elect to charge a reasonable fee for any training or meeting provided after the opening of the Franchised Business. You must pay the compensation of the trainee as well as such trainee's travel, lodging and personal expenses. We do not currently charge for the weekly Huddles. Other than Zoom Empire Wide, the location, duration, and content of such refresher training programs or meeting has not yet been determined.

ITEM 12 TERRITORY

Under the Franchise Agreement, you will conduct and operate your Franchised Business from one or more offices located within your Protected Territory. Initially, you will establish a single Approved Location that will be listed in Exhibit 2 of the Franchise Agreement. If you and we agree, you and we complete the Additional Site Schedule set forth in Exhibit 3 of the Franchise Agreement, and you pay the Additional Location Fee, you will be able to operate your Franchised Business from one or more Additional Locations. You and we will agree upon a geographic territory before you sign your Franchise Agreement, which will be listed in Exhibit 2 of the Franchise Agreement ("**Protected Territory**"). The Protected Territory will typically be based on contiguous zip codes and will be comprised of approximately 300,000 individuals (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You are responsible to independently evaluate any geographic territory in which you are interested and satisfying yourself as to its appropriateness. The Approved Location and any Additional Locations must all be located within your Protected Territory.

So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another ZOOM DRAIN Business within your Protected Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to ZOOM DRAIN Businesses, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate ZOOM DRAIN Businesses anywhere outside of your Protected Territory; (2) the right to operate or license others the right to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside or outside of your Protected Territory; (3) the right to operate or license others to operate businesses that are not the same as a ZOOM DRAIN Businesses under the Marks in any location, both inside or outside of your Protected Territory; and (4) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, print catalogues and direct marketing media) both inside and outside of your Protected Territory. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory.

Nothing will prohibit us or our affiliates from doing business within the Protected Territory for National Accounts. A National Account means those customers, with more than one location covered by an agreement for services, which are not located solely in the area of one franchisee. If you obtain an account that is considered a National Accounts, you must refer it to us and it will be treated as a National Account; however, we reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be considered our property and you will have no claim to them. If one or more locations of a National Account fall within your Protected Territory, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other ZOOM DRAIN Business, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account.

You cannot relocate your office without obtaining our prior approval. We do not grant any right of first refusal or similar rights to acquire additional franchises. You must operate your Franchised Business and provide Services only to customers located within the Protected Territory. You are not permitted to solicit customers outside of your Protected Territory. However, you may provide Services to customers located outside of your Protected Territory so long as you obtain our prior written consent and the customers are not located in the protected territory of another ZOOM DRAIN Business. You have no territorial protection in any area outside of your Protected Territory, and upon the establishment of a ZOOM DRAIN Business in an area outside of your Protected Territory, you may only continue servicing a customer in that area if you maintain a maintenance agreement with that customer.

We have not established and do not operate, and have not formulated any plans or policies to establish or operate, or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by your Franchised Business under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so.

We and our affiliates have the right, now and in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as ZOOM DRAIN Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Protected Territory).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in the drain cleaning business.

You have no options, rights of first refusal or similar rights to acquire additional franchises.

We have the right to annually evaluate the financial performance of your Franchised Business. As previously disclosed, we have unrestricted access to your Computer System, including unrestricted access to view and pull reports from your QuickBooks Online account. In order for you to retain the rights to the Protected Territory, beginning in your 3rd year, and every year thereafter, you must annually achieve at least a 1:1 ratio between your Net Sales and the total population in your Protected Territory. The total population in your Protected Territory will be listed in Exhibit 2 of the Franchise Agreement. If you fail to reach this minimum business growth requirement, we reserve the right to either reduce the size of your Protected Territory or to terminate the Franchise Agreement by written notice to you.

Except as provided above, continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

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.

ITEM 13 TRADEMARKS

We will grant you the right to operate your Franchised Business under the Marks. The registrations and applications for registrations have been filed on the principal register. The principal Marks are:

Mark	Registration Date (Application Date)	Registration Number (Serial Number)
ZOOM	August 7, 2012	4186144
ZOOM-JETTING	January 5, 2016	4881312
ZOOM DRAIN	February 9, 2016	4897999
FAST. FIXED. ZOOM.	August 9, 2016	5018901
	June 6, 2017	5217542
ZOOM DRAIN	October 1, 2019	5871837
FAST. FOCUSED. FIXED.	May 19, 2020	6059525

Mark	Registration Date (Application Date)	Registration Number (Serial Number)
FAST. FOCUSED. ZOOM.	April 29, 2014	4521711
ZOOM (and Design)	September 21, 2004	2886272

All required affidavits or renewal filings have been filed in connection with the Marks.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with the Franchised Business. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark ownership and/or registration and obtaining assumed and fictitious name registration for your Franchised Business as required by law. You cannot use any name or mark as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service, in a manner not authorized in writing by us, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the trademark.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We have the sole right to take such action, as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge, or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our and our affiliates' interest in any litigation or other proceeding or otherwise to protect and maintain our or our affiliates' interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes we require of you at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no special patents that pertain to the Franchise Agreement.

We and our affiliates claim common law copyright rights in the Manual. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop).

Neither we nor any of our affiliates have filed an application for a copyright registration with the U.S. Registrar of Copyrights for these materials but need not do so at this time to protect them. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information.

We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a ZOOM DRAIN Business, are proprietary, confidential trade secrets belonging to us or our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning a ZOOM DRAIN Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item and all related rights to that item to us, and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Franchised Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You must also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of confidentiality agreement that you use with your employees or agents and we will be a third-party beneficiary of those agreements, with independent enforcement rights.

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

You recognize the importance of your Principal Owner's participation in the management of the Franchised Business and that this Principal Owner's agreement to so participate in the management of the Franchised Business is a material inducement for us to enter into the Franchise Agreement. Therefore, the Principal Owner is required to use his or her best efforts and is personally responsible for the management of the Franchised Business on a day-to-day basis, unless we otherwise approve an alternate arrangement. We, in our sole discretion, may allow you to hire a qualified manager to operate the day-to-day affairs of the Franchised Business; however, your Principal Owner must remain actively involved in the operations and management of the Franchised Business. Your Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Franchised Business. Any designated manager who will operate the Franchised Business, as well as other supervisory personnel, are required to sign a confidentiality and non-competition agreement in a form we approve.

If you are a corporation, limited liability company or partnership, your owners must personally guarantee certain non-financial obligations under the Franchise Agreement and agree to be bound personally by these contractual provisions including the covenant not to compete and confidentiality. This "Agreement to Comply with Certain Undertakings of the Franchisee" is attached to the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services and products that we have approved in writing. We have the unlimited right to change the types of required and/or authorized services and/or products that must and may be offered to customers and you will have the obligation to adhere to any such changes. We may notify you of these changes in writing (e.g., by a bulletin or a supplement to the Manual). You are prohibited from offering or selling any products or services not authorized or approved by us. You must offer and sell required services and products in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell the Services. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Franchised Business for sale of the Services or any additional services we may require. You recognize that you may need to make an additional investment to do so.

You are not permitted to solicit business outside of your Protected Territory and you are only permitted to Service customers located outside of your Protected Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4.1 of the Franchise Agreement	10 years from signing the Franchise Agreement
b. Renewal or extension	Section 4.3 of the Franchise Agreement	2 additional terms for 5 years each
c. Requirement for franchisee to renew or extend	Section 4.3 of the Franchise Agreement	Give notice, pay fee of 25% of the then-current Initial Franchise Fee, sign a release and sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights
e. Termination by franchisor without cause	Not Applicable	Not Applicable

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Sections 15.1, 15.2 and 15.3 of the Franchise Agreement	If you don't satisfactorily complete training, don't open within 120 days after you sign the Franchise Agreement, you fail to meet minimum Net Sales requirements, or generally if you breach the Franchise Agreement
g. "Cause" defined – curable defaults	Sections 15.1 and 15.2 of the Franchise Agreement	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section 15.1 of the Franchise Agreement
h. "Cause" defined – non-curable defaults	Section 15.3 of the Franchise Agreement	Non-curable defaults, conviction of felony or any crime of moral turpitude, abandonment, giving insufficient funds checks and bankruptcy
i. Franchisee's obligation on termination/non-renewal	Section 15.4 of the Franchise Agreement	Payment of amounts due, return inventory, at our option, sell to us any and all vehicles and equipment used in connection with the operation of the Franchised Business (offset against any amounts you owe to us) ,return of Manual/deletion of electronic copies in your possession, turn over customers and information upon our request, cancel any assumed names using the Marks, and comply with all post-termination provisions
j. Assignment of contract by Franchisor	Section 14.1 of the Franchise Agreement	No restrictions on right to assign
k. "Transfer" by franchisee – defined	Section 2.1.14 of the Franchise Agreement	Transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 14.2 of the Franchise Agreement	Right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 14.2 of the Franchise Agreement	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4 of the Franchise Agreement	We can match any offer for your business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of the franchisee	Section 14.3 of the Franchise Agreement	Heir must be approved but no right of first refusal

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Noncompetition covenants during the term of the franchise	Section 16.2 of the Franchise Agreement	No involvement in a Competitive Business (as defined in the Franchise Agreement)
r. Noncompetition covenant after the franchise is terminated or expires	Sections 16.3 and 16.4 of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for 2 years within: (a) the Protected Territory; (b) a 25-mile radius of the location of your former Franchised Business; (c) a 50-mile radius surrounding the Protected Territory; (d) within the Protected Territory of any other ZOON DRAIN Business; (e) at the location of any other ZOOM DRAIN Business; or (f) within a 50-mile radius of the Protected Territory of any other ZOOM DRAIN Business. You will also be bound by a 2-year non-solicitation clause.
s. Modification of the agreement	Section 20.8 of the Franchise Agreement	No modification generally but Manual and system subject to change
t. Integration/merger clause	Section 20.7 of the Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 17.1 and 17.3 of the Franchise Agreement	Except for certain claims, all disputes must be mediated first in Montgomery County, PA
v. Choice of forum	Section 17.2 of the Franchise Agreement	Litigation must be in the state or federal courts of general jurisdiction for Montgomery County, PA (subject to applicable state law)
w. Choice of law	Section 18.5 of the Franchise Agreement	Pennsylvania law applies (subject to applicable state law pursuant to the Franchise Agreement)

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote this franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

BACKGROUND

This Item sets forth certain historical data submitted by our franchisees and affiliate owned units from January 1, 2019 to December 31, 2019 (the "2019 Measurement Period"). We have excluded all locations that have not been open and operating for the full Measurement Period. In addition, this Item sets forth information for the period from January 1, 2020 through August 31, 2020 (the "2020 Measurement Period") to reflect the impact that the COVID-19 pandemic and resulting governmental orders have had on our results during this period.

We have not audited this information, nor independently verified this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

IMPORTANTLY, THE SUCCESS OF YOUR FRANCHISE WILL DEPEND LARGELY UPON YOUR INDIVIDUAL ABILITIES AND YOUR MARKET, AND THE FINANCIAL RESULTS OF YOUR FRANCHISE ARE LIKELY TO DIFFER, PERHAPS MATERIALLY, FROM THE RESULTS SUMMARIZED IN THIS ITEM.

Part I: **Affiliate Owned ZOOM DRAIN Operations**

The table below sets forth our affiliate's Zoom Sewer & Drain's Gross Sales for the 2019 and 2020 Measurement Periods.

TABLE I

	Gross Sales	**Number of Service Trucks**
Calendar Year 2019	$9,419,349	23
First Eight Months 2020	$7,141,549	23

Part II: **Franchisee Owned ZOOM DRAIN**

The table below presents the Gross Sales, Sales Call and Technician Closing Rates, the average sale and the number of service trucks on the road for the 9 ZOOM DRAIN businesses owned by franchises for the 2019 Measurement Period. We excluded the results of 4 ZOOM DRAIN businesses that were not open for the full 2019 Measurement Period.

TABLE II

January 1, 2019 to December 31, 2019

Gross Sales	**Sales Call Closing Rate**	**Tech Closing Rate**	**Average Sale**	**Number of Service Trucks**
$1,368,778	35.00%	91.00%	$549	5

Gross Sales	Sales Call Closing Rate	Tech Closing Rate	Average Sale	Number of Service Trucks
$1,011,423	66.00%	83.00%	$428	3
$985,214	72.00%	79.00%	$474	3
$964,470	13.00%	83.00%	$725	2
$875,675	75.00%	94.00%	$685	2
$836,357	65.00%	90.00%	$233	4
$546,990	67.00%	53.00%	$789	2
$473,966	50.00%	74.00%	$452	3
$388,583	96.00%	80.00%	$278	4

The table below presents the Gross Sales, Sales Call and Technician Closing Rates, the average sale and the number of service trucks on the road for the same 9 ZOOM DRAIN businesses owned by franchises presented above for the 2020 Measurement Period. We exclude the results of 4 ZOOM DRAIN businesses that were not open for the full 2019 Measurement Period.

TABLE III

First Eight Months 2020

January 1, 2020 to August 31, 2020

Gross Sales	Sales Call Closing Rate	Tech Closing Rate	Average Sale	Number of Service Trucks
$1,071,020	65	93	$623	5
$951,049	52	82	$781	3

Gross Sales	Sales Call Closing Rate	Tech Closing Rate	Average Sale	Number of Service Trucks
$883,641	77	87	$753	3
$759,894	100	92	$340	4
$668,982	86	91	$681	2
$565,313	74	77	$584	2
$499,284	84	70	$1,495	2
$424,284	86	91	$729	3
$355,347	96	78	$320	3

1. Gross Sales is defined as all revenues and receipts of every kind derived from operating the ZOOME DRAIN business but excludes any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the ordinary course of business.
2. The Sales Call Close Rate is the percentage of calls to ZOOM DRAIN that result in the scheduling of a Tech visit.
3. The Tech Closing Rate is the percentage of technician visits that result in a job being booked.
4. The Average Sale is the average job booked and performed by a technician.

GENERAL NOTES TO ITEM 19

1. You should not use the information set forth in the above charts as an indication of how well your franchise will do. Actual results vary from business to business, and we cannot estimate the performance of a particular Franchised Business. Sales and expenses may vary. In particular, the revenue and expenses of your business will be directly affected by many factors, such as: (a) geographic location; (b) advertising effectiveness based on market saturation; (c) whether you operate the business personally or hire a manager; (d) employee salaries and benefits (life and health insurance, etc.); (e) insurance costs; (f) weather conditions; (g) ability to generate customers; (h) customer loyalty; and (i) employment conditions in the market.

2. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your Franchised Business. Operating costs and expenses may vary substantially from business to business. The above figures exclude start-up expenses; advertising; costs of goods sold; insurance, payroll costs, taxes, administrative expenses as well as the cost of labor; owner compensation/salary; healthcare and employee benefits costs; utilities expenses; the cost of equipment, inventory, and supplies; travel and entertainment expenses; license and permit fees and professional services expenses; taxes; financing expenses, interest expense, interest income, depreciation, and amortization expenses; and related expenses which you will incur as a franchisee.

3. Importantly, you should not consider the revenue or net profit information presented in the tables above to be the revenue or income that you will realize. We do not represent that you can or will attain this level of revenue or income, or any particular level of revenue or income. We do not represent that you will generate revenue, which exceeds the initial payment of, or investment in, the franchise. Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements.

We suggest strongly that you consult your financial advisor or personal accountant concerning the preparation of your financial projections and federal, including any applicable taxes that you may incur in operating a Franchised Business.

4. We are providing you with the following information with the understanding that you will do your own research to develop data with which to perform your analysis. Reviewing this limited amount of information cannot substitute for thorough research on your part and careful evaluation of this franchise opportunity with professional and legal advisors.

5. 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 ZOOM DRAIN business, however, we may provide you with the actual records of that particular business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ellen Rohr at 915 South Trooper Road, Norristown, PA 19403 or at (877) 629-7647, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary for Years 2017 To 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	2	5	+3
	2018	5	9	+4
	2019	9	11	+2
Company-Owned±	2017	1	1	0
	2018	1	2	+1
	2019	2	2	0
Total Outlets	2017	3	6	+3
	2018	6	11	+5
	2019	11	13	+2

± We do not own any ZOOM DRAIN Businesses. These outlets are owned and operated by our affiliate, Zoom Sewer & Drain.

Table No. 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017 to 2019

State	Year	Number of Transfers
California	2017	0
	2018	0
	2019	0
Florida	2017	0
	2018	0
	2019	0
Maine	2017	0
	2018	0

State	Year	Number of Transfers
	2019	0
Maryland	2017	0
	2018	0
	2019	0
Nebraska	2017	0
	2018	0
	2019	0
New York	2017	0
	2018	0
	2019	0
New Jersey	2017	0
	2018	0
	2019	0
North Carolina	2017	0
	2018	0
	2019	0
Utah	2017	0
	2018	0
	2019	0
Washington	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

Table No. 3
Status of Franchised Outlets
For years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Florida	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Maine	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Maryland	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nebraska	2017	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Jersey	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2
New York	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
North Carolina	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Pennsylvania	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	1	0	0
	2019	0	0	0	0	0	0	0
Utah	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Washington	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total	2017	2	3	0	0	0	0	5
	2018	5	5	0	0	1	0	9
	2019	9	2	0	0	0	0	11

Table No. 4
Status of Company-Owned Outlets
For years 2017 to 2019

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Pennsylvania	2017	1	0	0	0	0	1
	2018	1	0	1	0	0	2
	2019	2	0	0	0	0	2
Total±	2017	1	0	0	0	0	1
	2018	1	0	1	0	0	2
	2019	2	0	0	0	0	2

± We do not own any ZOOM DRAIN Businesses directly. These outlets are owned and operated by our affiliate, Zoom Sewer & Drain.

Table No. 5
Projected Openings As of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Delaware	0	1	0
Illinois	1	1	0
New Jersey	0	1	0
Total	1	3	0

Exhibit D lists the names, addresses and telephone numbers of all of our operating franchisees. **Exhibit D** also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any former franchisees that would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system at this time.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year end is December 31.

Attached to this disclosure document as **Exhibit E** are: (a) our audited financial statements as of December 31, 2019, 2018 and 2017; and (b) our unaudited interim statements as of September 30, 2020.

ITEM 22 CONTRACTS

The following are attached to this disclosure document:

Exhibit A – Franchise Agreement
Exhibit G – Release

ITEM 23 RECEIPTS

See Exhibit I.

EXHIBIT A

FRANCHISE AGREEMENT

ZOOM FRANCHISE COMPANY, LLC

FRANCHISE AGREEMENT

____
Franchisee

____
Date of Agreement

TABLE OF CONTENTS

ZOOM FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into this __________ day of ________, 20___, by and between ZOOM FRANCHISE COMPANY, LLC ("**we**", **us**," or "**our**"), located at 915 South Trooper Road, Norristown, PA 19403, and ______________________________, a ____________ ("**you**" or "**your**") located at ____, who in consideration of the mutual promises set forth below, agree as follows:

1. Nature and Scope of Agreement

1.1 ***The Franchisor***. We have developed and refined the method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential and commercial customers. We offer franchises to operate a ZOOM DRAIN Business using the Marks and the System.

1.2 ***The Franchisee***. You have independently investigated the business risks involved and such other matters as you deem important, including current and potential market conditions and competitive factors and risks, have read our Franchise Disclosure Document, and have not relied on any representations not set forth in this Agreement. You recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate a ZOOM DRAIN Business using the Marks and System, and we are willing to grant you such a franchise, on the terms and conditions in this Agreement.

2. Definitions, Representations and Owners' Guaranty

2.1 ***Definitions***. In addition to such terms as may be defined elsewhere in this Agreement, in this Agreement, the following terms shall have the meanings as set forth below:

2.1.1 "**Affiliates**" means, individually or collectively, any and all entities controlling, controlled by, or under common ownership with us or you.

2.1.2 "**Commence Operating**" means, with respect to the Franchised Business or any particular Additional Location, the date you first perform or are able to perform the Services under the Marks to customers in your Protected Territory, which date(s) will be set forth in our notice(s) of approval delivered pursuant to Sections 5.4 and 5.5.

2.1.3 "**Competitive Business**" means any business that engages in, owns, invests in, manages or controls any business providing drain cleaning and sewer inspections, maintenance, repair and replacement work, that are similar to or the same as the Services (as defined below), other than another ZOOM DRAIN Business.

2.1.4 "**Confidential Information**" means all trade secrets, equipment and material, methods, techniques, formulas, contracts, customer lists, customer information, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and financial information and results, and other information and know-how relating to the System, or relating to or useful in our business, the Franchised Business or other ZOOM DRAIN Businesses, including the Manual (as hereinafter defined).

2.1.5 "**Franchised Business**" means the ZOOM DRAIN Business that you will operate under the Marks and System and in accordance with the provisions of this Agreement.

2.1.6 "**Manual**" means our Confidential Operations Manual, as amended by us from time to time. The Manual will be in a format determined by us (*i.e.*, in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet. The Manual is confidential and remains our property.

2.1.7 "**Marks**" means the service marks, trademarks, trade dress, trade names and all configurations and derivations thereof, as may presently exist, or which may be modified, changed or acquired by us or our Affiliates in connection with the operation of the Franchised Business contemplated by this Agreement. The Marks currently include "ZOOM," "ZOOM DRAIN" "ZOOM-JETTING" "Fast. Fixed. Zoom," "Fast. Focused. Fixed," "ZOOM DRAIN" and the Zoom Vortex design.

2.1.8 "**National Accounts**" means those accounts with more than one location covered by an agreement for Services that are not all located solely in the territory of one franchisee.

2.1.9 "**Net Sales**" means the total amount of all sales of products and services sold from, through or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes, and <u>less</u> bona fide refunds to customers and customer discounts.

2.1.10 "**Principal Owner**" means you, if you are a sole proprietor, the majority shareholder of you, if you are a corporation, a partner owning a majority interest of you, if you are a partnership, or a member owning the majority interest of you, if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate one of these owners to be the Principal Owner for purposes of this Agreement.

2.1.11 "**Services**" means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing drain cleaning and sewer inspections, installation, maintenance, repair, and replacement work. We reserve the right to modify, change, and add to the types of Services that may be provided by the Franchised Business, from time to time, and the right to include the sale of certain products in connection with the provision of such Services.

2.1.12 "**System**" means the specially developed method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, standards and specifications, which may be changed, improved, modified, and further developed by us or our Affiliates from time to time.

2.1.13 "**Term**" means, individually or collectively, the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

2.1.14 "**Transfer**" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Franchised Business, including: (a) a transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) a merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) a transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) a transfer to a personal representative upon the disability of, or transfer upon the death of, a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) an assignment of contract rights; (h) a sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Franchised Business, other than in ordinary course of business); or (i) any change in the or management of the Franchised Business.

2.1.15 "**You**" shall be deemed to include: (a) those persons owning any interest in you if you are a corporation or a limited liability company; (b) all partners owning any partnership interest in you if you are a partnership; (c) the individual who owns you if you are a sole proprietorship; (d) the guarantors of this Agreement; and (e) the Principal Owner. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

2.1.16 "**Vehicle(s)**" mean any trucks you use in your Franchised Business.

2.1.17 "**ZOOM DRAIN Business**" means any business operating under the Marks and System, whether owned by us or our Affiliates, or the franchisees or licenses of us or our Affiliates.

2.2 ***Representations and Warranties.*** You hereby represent and warrant to us as follows:

2.2.1 You are acquiring this franchise for your own account for the operation of a Franchised Business, and not for the purpose of resale or redistribution or other speculative matter;

2.2.2 All information you provided to us in your application and other documents to induce us to grant this franchise was true, correct, complete and accurate as of the date made, and, as of the date of this Agreement, no material change has occurred in such information;

2.2.3 The execution, delivery and performance of this Agreement by you, and the Guaranty and Assumption of Obligations by the guarantors, do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity;

2.2.4 If you are an entity, you are duly organized and validly existing, are qualified to do business in each state where you are or will conduct business, and are duly authorized to execute and deliver this Agreement and perform your obligations pursuant to this Agreement; and

2.2.5 This Agreement represents a valid, binding obligation of you and each of your Owners (as defined below). Each of your Owners has fully read this Agreement and our Franchise Disclosure Document, and each Owner represents that he/she is capable of complying with all of the terms of this Agreement and the Owner's Guaranty.

2.3 ***Owner's Guaranty/Owner's Acknowledgment.*** If you are an entity, each of your Owners must execute an Agreement to Comply with Certain Undertakings of Franchisee in our favor as provided in **Exhibit 1** and deliver the executed Agreement to Comply with Certain Undertakings of Franchisee to us concurrently with execution of this Agreement, or if such ownership interest is acquired later, within 10 days after obtaining the interest as an Owner. All Owners also must sign the Owner's Acknowledgment which follows the signature block of this Agreement.

3. Scope of License

3.1 *Grant of Franchise*.

3.1.1 Subject to the provisions of this Agreement, we grant to you the non-exclusive right to use the System and Marks to open and operate one Franchised Business. We will grant you a protected territory, as set forth in **Exhibit 2** attached hereto, within which you will operate the Franchised Business ("**Protected Territory**"). You will maintain all rights to the Protected Territory subject to the terms and conditions of this Agreement. You hereby accept such grant and agree to operate one Franchised Business in accordance with the System under the Marks at and only at the Approved Location set forth on **Exhibit 2** and to exert continuously your best efforts to promote and enhance the operation of the Franchised Business and the goodwill associated with the Marks. If we consent to a relocation of the Franchised Business (whether of the Approved Location or any Additional Location), we have the right to charge you for the expenses we incur in connection with the relocation.

3.1.2 In order to operate a Franchised Business at locations in addition to the Approved Location in the Protected Territory (each an "**Additional Location**"), you and we will sign a separate Schedule set forth in **Exhibit 3** ("**Additional Site Schedule**") for each Additional Location and pay an Additional Location Fee of $2,000. The term "**Franchised Business**" includes the Approved Location and all Additional Locations, if any. The conditions under which we will execute an Additional Site Schedule are as follows: (i) you are in compliance with the terms of this Agreement; (ii) the Additional Location is within your Protected Territory and does not encroach upon the protected territory of any other ZOOM DRAIN Business; and (iii) we, in our reasonable judgment, believe you have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Additional Location. We may take into account, among other things, your past performance and financial success of your existing Approved Location and Additional Locations. In order to assist us in making this determination, you agree to provide us the financial and other information we request regarding your existing Approved Location and Additional Locations, as well as information we request relating to the proposed Additional Location. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Additional Location.

3.2 ***Territorial Rights And Obligations***. Provided you are not in default under the terms of this Agreement and subject to Sections 3.3, 3.4 and 3.5 below, neither we nor our Affiliates will operate, nor grant a franchise for the operation of, any ZOOM DRAIN Business within the Protected Territory. You will conduct and operate the Franchised Business and provide Services only to customers located within the Protected Territory. Notwithstanding the foregoing, upon our prior written approval, which approval may be withheld in our sole discretion, you may provide Services to customers situated outside your Protected Territory so long as such customers are not located in the protected territory of another ZOOM DRAIN Business. You acknowledge that you have no territorial protection to do so. Once a customer outside your Protected Territory is in your data base, you may continue to service them if you have a Maintenance Agreement with that customer even if the area is developed later by another franchisee. All such sales are subject to your Royalty Fees and Marketing Fees. Otherwise, upon our establishing a ZOOM DRAIN Business in such area, which we are free to do at any time, you must immediately stop servicing such customers located in that area and refer the customer to the new ZOOM DRAIN Business. You are not entitled to receive any compensation for this referral.

3.3 ***Minimum Business Growth***. In order for you to retain the rights to the Protected Territory, beginning in the 3rd year of the Initial Term, and every year thereafter, you must annually achieve at least a 1:1 ratio between Net Sales and the total population in your Protected Territory ("**Minimum Growth Requirements**"). The total population in your Protected Territory is described in Exhibit 2 attached hereto. If you fail to achieve the Minimum Growth Requirement in any year during the Term (after the 2nd year of the Initial Term), we reserve the right to either reduce the size of your Protected Territory or to terminate this Agreement by written notice to you.

3.4 ***Reservation Of Rights***. We, on our and our Affiliates' behalf, reserve all rights not specifically granted to you pursuant to this Agreement, including but not limited to the following:

3.4.1 (i) The right to own or operate, or license others to own or operate, ZOOM DRAIN Businesses anywhere outside of your Protected Territory; (ii) the right to operate or license others the right to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside or outside of your Protected Territory; (iii) the right to operate or license others to operate businesses that are not the same as a ZOOM DRAIN Business under the Marks in any location, both inside or outside of your Protected Territory; and (iv) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, social media, print catalogues and direct marketing media) both inside and outside of your Protected Territory. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory;

3.4.2 The right, now or in the future, to purchase, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these businesses (which you acknowledges may be within the Protected Territory); and

3.4.3 The right to sell ourselves, our assets, the Marks and/or the System to a third party; go public; engage in a private placement of some or all of our securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If we assign our rights in this Agreement, we do not need to remain in this type of business or to offer or sell any products or services to you.

3.5 ***National Accounts***. We may develop National Accounts from time to time, and you may develop accounts that may qualify as a National Account. National Accounts obtained by you for Services outside the Protected Territory must be referred to us and shall be treated as a National Account; however, we reserve the right to reject any such account in our sole judgment and discretion. National Accounts will be negotiated solely by us or our Affiliates, even if the National Account was procured by you. All National Accounts will be deemed to be our property and you will have no claim to such National Account. Any information supplied to us by you regarding National Accounts, and supplemental information as may be required by us may be disseminated to other ZOOM DRAIN Businesses that may provide Services to those accounts. You agree that providing account information to such other ZOOM DRAIN Businesses is in the best interest of the System as a whole and for enhancement of opportunities of all within the System.

If one or more locations of a National Account fall within your Protected Territory, we will first offer you the opportunity to provide Services for said locations on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you refuse or fail to accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or to authorize other ZOOM DRAIN Businesses, or our Affiliate-owned businesses, to provide such Services without any compensation to you. However, the decision to accept you as a provider of Services for the National Account will ultimately rest with the National Account. You acknowledge that if the National Account refuses to accept Services from you, then we shall be free to offer the opportunity to provide Services to the National Account within the Protected Territory to other ZOOM DRAIN Businesses or our Affiliate-owned businesses.

4. Term of Franchise Agreement and Renewal

4.1 ***Term***. The initial term of this Agreement will be for a period of ten (10) years from the date of execution of this Agreement, unless sooner terminated in accordance with this Agreement (the "**Initial Term**").

4.2 ***Continuation Term***. If you continue to operate the Franchised Business with our express or implied consent following the expiration of the Term of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise agreed in writing ("**Continuation Term**"). All provisions of this Agreement will apply while you continue to operate the Franchised Business during the Continuation Term. The Continuation Term of this Agreement will then be terminable by either party on 30 days' prior written notice to the other party.

4.3 ***Your Right To Renew***. Upon expiration of the Initial Term of this Agreement, you have the right to renew up to two (2) times for additional successive terms of five (5) years on each renewal (each a "**Renewal Term**"), subject to the following for each Renewal Term:

4.3.1 You have notified us in writing a minimum of 180 days prior to the expiration of the Initial Term or the then ending Renewal Term (as the case may be) of your desire to renew this Agreement;

4.3.2 You have substantially complied with all provisions of this Agreement, and replace, refurbish, rewrap and/or reequip, any equipment, Vehicles and materials utilized in the operation of the Franchised Business, in compliance with the specifications outlined in the then current franchise agreement and Manual for ZOOM DRAIN Businesses;

4.3.3 You and your owners execute the then-current form of our franchise agreement and any ancillary agreements (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal franchise). The then-current form of the franchise agreement and ancillary agreements may contain significantly different terms than this Agreement;

4.3.4 To the extent permitted by applicable law, you and your owners execute general releases in a form satisfactory to us, of any and all claims against us and our Affiliates, and ours and their owners, officers, directors, employees and agents; and

4.3.5 You pay us a renewal fee equal to 25% of the then-current Initial Franchise Fee.

5. Location and Business Site

5.1 ***Location***. You must operate your Franchised Business at and only at the location within the Protected Territory that is described on **Exhibit 2** ("**Approved Location**") and any Additional Location. You may operate out of the Principal Owner's home only if the Principal Owner is in compliance with all zoning regulations and if your facility is significantly separated from the living quarters. Otherwise, you must operate from another owned or leased facility. You may not change the Approved Location or any Additional Location without our prior written approval, which we may grant or withhold in our sole discretion.

5.2 ***Site Criteria***. Your business site and its layout, including your communications systems, which are subject to our approval, must meet our criteria described in the Manual. Your business site must comply with local zoning, business, permitting and licensing requirements.

5.3 ***Our Approval of Site***. You must submit a proposed site to us for approval. We will have 30 days from receipt of the materials relating to the proposed site to approve or disapprove the site. We will not unreasonably withhold our approval of a proposed site. Our approval of your business site only means that we believe that the business site falls within our then current criteria. You acknowledge that your selection of a business site is based on your own independent investigation of its suitability and that our approval is not a guarantee or promise of success.

5.4 ***Construction/Commencement***. For a newly developed Approved Location or Additional Location, you are solely responsible for obtaining all necessary financing and constructing the business site as a Franchised Business in accordance with the layout and other criteria described in our Manual or in other written communications by us. For any newly developed Approved Location, all construction work must be completed and the Franchised Business at the Approved Location must Commence Operating within 120 days after this Agreement is signed. For any newly developed Additional Location, all construction work must be completed and the Franchised Business at the Additional Location must Commence Operating within 120 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval.

5.5 ***Conversion Business***. For an Approved Location or Additional Location which is converted to a Franchised Business, you are solely responsible for obtaining all necessary financing and converting the business site as a Franchised Business in accordance with the layout and other criteria described in our Manual or in other written communications by us. For any converted Franchised Business operated at an Approved Location, all conversion work must be completed and the Franchised Business at the Approved Location must Commence Operating within 90 days after this Agreement is signed. For any converted Franchised Business operated at an Additional Location, all conversion work must be completed and the Franchised Business at the Additional Location must Commence Operating within 90 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval.

5.6 ***Existing Business.*** In our sole discretion, we may permit you to add the ZOOM DRAIN Business to an existing service business that provides related services we determine might provide strategic advantages. In such event, you will set up an affiliate entity to be the franchisee and sign a "Plus Play Addendum" which is found in **Exhibit 5** of this Franchise Agreement at the same time you sign this Agreement.

5.7 ***Maintenance, Appearance and Remodeling***. You must maintain the business site of the Franchised Business and its appearance in accordance with our standards which we will communicate to you from time to time in the Manual, or by other written or electronic communications. We may require you periodically to add new equipment or Vehicles, or replace obsolete equipment or Vehicles, used in the Franchised Business.

6. Fees and Payments

6.1 ***Initial Franchise Fee***. You must pay us an initial franchise fee ("**Initial Franchise Fee**") when you sign this Agreement. The amount of the Initial Franchise Fee is Fifty Thousand Dollars ($50,000). The Initial Franchise Fee is fully earned when paid and is not refundable under any circumstances.

6.2 ***Royalty Fee***. You are required to pay us a Royalty Fee of 5% of Net Sales ("**Royalty Fees**"). The Royalty Fee is payable on the 10th day and 25th day of the month (each a "**Payment Date**"). The Royalty Fee payable on the 10th day of the month is based on the Net Sales made from the 16th day to through the last day of the prior month, and the Royalty Fee payable on the 25th day of the month based on the Net Sales made from the first day to the 15th day of that month (each a "**Payment Period**"). We reserve the right from time to time, on not less than 30 days' written notice to you, to change the Payment Date and Payment Period from time to time.

6.3 ***Marketing Fee***. You are required to pay us a Marketing Fee of 2% of Net Sales (the "**Marketing Fee**"), which will be deposited into the Marketing Fund (as defined below). The Marketing Fee will be payable in the same manner as the Royalty Fee.

6.4 ***Call Center Fee***. We have developed a call center to answer your customers' telephone calls and to schedule appointments ("**Call Center**"). The Call Center is currently an optional service for you to use, but we reserve the right to require you to use the Call Center at any time on notice to you. If you choose to use the Call Center, you must pay us a Call Center Fee (the "**Call Center Fee**") based on the number of scheduled appointments made by the Call Center. The Call Center Fee right now is $25 per scheduled appointment. The Call Center Fee will be payable on each Payment Date based on the number of appointments we schedule for you through the Call Center during the preceding Payment Period.

6.5 ***Technology and Shared Services Fee***. You must pay us a monthly Technology and Shared Services Fee ("**Technology and Shared Services Fee**") during the term of the Agreement. The Technology and Shared Services Fee is due on the 20th day of each month during the term beginning on the first month after you sign this Agreement. Currently, the Technology Fee is $1,200 per month. We reserve the right to increase the Technology and Shared Services Fee upon no less than 30 days' notice to you. We reserve the right to change service providers and/or to require you to pay this fee directly to the designated vendor. If you pay this fee to us, it will be due on the 20th day of each month. We will alert you promptly upon our receipt of notice from the vendor of any increases in this fee or of our determination to have you pay the vendor directly, at which point the date on which your payment is due may change depending on the vendor's payment requirements.

6.6 ***Method of Payment***. Royalty Fees, Marketing Fees, Call Center Fees, Technology and Shared Services Fees, and any other periodic fees we may charge under this Agreement will be paid in the manner, and with the inclusion of such reports and documentation, as we may require, which may include credit card payments or electronic funds transfers ("**EFT**"). Any payment or report not received by us on or before its due date shall be deemed overdue. You must comply with the procedures specified in the Manual or as otherwise communicated for any EFT program, and you must perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to provide payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of these fees and other amounts, including interest payable to you. In addition, you must pay all costs associated with utilizing any payment program established by us. You are also responsible for all credit card fees.

6.7 ***Taxes and Assessments***. You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable governmental authority as a result of the conduct of the Franchised Business or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which are imposed on us or our Affiliates' income.

6.8 ***Past Due Service Charge***. Royalty Fees, Marketing Fees, Technology and Shared Services Fees (if paid to us) and other amounts which you owe to us will bear a service charge after their respective due dates at the lesser of 1½% per month or the highest applicable legal rate in the state in which the Protected Territory is predominantly located. You acknowledge that the foregoing does not constitute our agreement to accept payments after same are due or a commitment by us to extend credit to, or otherwise finance your operation of the Franchised Business. Our right to past due service charge is in addition to any other remedies that we may have.

6.9 ***Application Of Payments***. We have the sole discretion to apply any payments by you to any past due indebtedness of yours for Royalty Fees, Marketing Fees, Technology and Shared Services Fees (if paid to us) from us or our Affiliates, past due service charges, interest or any other indebtedness owed by you to us or our Affiliates.

6.10 ***No Right Of Offset***. You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees, Marketing Fees, and Technology and Shared Services Fees (if paid to us). You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

6.11 ***Under-Reporting***. If it is found that you under-reported Net Sales, you will reimburse us for the amount of the fees set forth above that would have been due had Net Sales been reported accurately, plus interest. In addition, if the amount of Net Sales reported for any calendar year are less than 98% of the actual Net Sales for that period, you agree to reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals and lodging. The foregoing remedies are in addition to all other remedies and rights we have under this Agreement or under applicable law. These obligations survive the termination or expiration of this Agreement.

7. Our Obligations

7.1 ***Initial Training Program***. Before you Commence Operating the Franchised Business, your Principal Owner must attend and satisfactorily complete our Zoom Zip initial training program. Zoom Zip training is provided in two phases, one at your Approved Location and one in Norristown, PA. In the event you or your owners have an ownership interest in an entity that currently operates another ZOOM DRAIN Business, we will provide such initial training program and on-site training only if we deem it necessary. The Zoom Zip initial training program will be provided at no charge to you and up to 3 additional people. However, you are responsible for any salary, travel and living expenses that your Principal Owner incurs during training. If your Principal Owner fails to satisfactorily complete the initial training program, we may treat such failure as a material default under this Agreement.

7.2 ***Subsequent Training***. We may offer refresher programs to you, your Principal Owner or your experienced employees. We reserve the right to designate certain training programs or meetings as mandatory and to treat your failure to have a representative attend as a material breach of this Agreement. We are permitted to charge a reasonable fee for any subsequent training or meetings we may offer or require. You must pay the compensation of the trainees as well as such trainees' travel and living expenses during any subsequent training.

7.3 ***Continuing Advisory Assistance***. We may make available continuing advisory assistance in the operation of the Franchised Business, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Franchised Business to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

7.4 ***Pricing***. We may from time to time suggest or establish the prices or range of prices, and terms and conditions of sale, for products and Services you offer. You are required, if permitted by applicable law, to follow these suggested or established prices in operating the Franchised Business.

8. Your Obligations

8.1 ***Operation of Business***. You must operate the Franchised Business in conformity with all uniform methods, standards and specifications as we may from time to time prescribe in the Manual or as contained in other written instructions, to ensure that the highest degree of quality and service is uniformly maintained. Among other requirements, we require clean shop locations and adherence to our Manual shop layout and software requirements. You must maintain your Vehicle and all equipment in the highest degree of cleanliness, sanitation and repair in accordance with the Manual. You may not make material alterations, additions, replacements or improvements to your Franchised Business without our consent.

8.2 ***Authorized Services***. The reputation and goodwill of ZOOM DRAIN Businesses are based upon, and can be maintained and enhanced only by, the furnishing of high-quality Services. We will provide to you during the Zoom Zip training program and through the Manual with a list of the Services which are required and authorized to be offered by your Franchised Businesses. We have the unlimited right to change the types of required and/or authorized services and/or products that must and may be offered to customers and you will have the obligation to adhere to any such changes. We may add products and additional Services or change products or Services which you may, in our sole discretion, be required to offer. You agree that you will offer all Services required for ZOOM DRAIN Businesses and will not, without our prior written approval, offer any type of service or sell any product or service that we do not authorize for your Franchised Business. We may develop additional programs and services that, upon written notice from us, you must offer.

8.3 ***Optional Products and Services***. We may develop new products and services that we deem optional. You may offer your customers such optional products and services in your sole discretion. If you wish to offer such optional services, prior to offering the optional services, you must give us 30 days' prior written notice and must conform to all standards and specifications set forth in the Manual for such optional services, including taking additional training and possibly purchasing additional equipment.

8.4 ***Approved Supplies And Approved Suppliers***. You must purchase products, services, supplies, equipment and materials for the operation of your Franchised Business that meet our specifications. You must purchase all products, services, supplies, equipment and materials required for the operation of the Franchised Business from manufacturers, suppliers or distributors designated by us, or from other suppliers that we approve who meet our specifications.

Specification of a supplier may be conditioned on requirements relating to, among other things, length of time the supplier has conducted business, quality of products, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contribution, or other consideration to us, our Affiliates or the Marketing Fund, if any, and may be temporary, in each case in our reasonable discretion. We may from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our Affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement.

If you wish to purchase or lease any goods, products, equipment, supplies or use suppliers that are not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a 20-day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge not to exceed the actual cost of the test made by us or by an independent testing laboratory designated by us.

8.5 ***Computer System/Office Equipment***. You must acquire and use in the Franchised Business a computer system, including monitors, hardware and software, of a type that we may designate from time to time in the Manuals, that is compatible with the software or other required system designated for use by our franchisees generally from time to time. You must also acquire and use the office equipment and accounting platform that we may designate for use by franchisees from time to time. We will have unrestricted access to your Computer System, including unrestricted access to view and pull reports from your QuickBooks Online account. You must agree to any terms of use or other agreement imposed, and pay any license or maintenance fees that we or an approved supplier of the software may charge, for the use of such software. Currently, you agree to execute the ServiceTitan Acknowledgment attached as **Exhibit 7**. You must implement and have fully operational the software system we may designate by the date you Commence Operating the Franchised Business. At your sole expense, you must maintain and upgrade your computer system, including software, to meet our requirements from time to time. You must periodically check the Manuals for most current computer system requirements.

8.6 ***Vehicles***. We have the right to require that your Vehicles be of a certain make, model and age. At least two of the Vehicles should be standard service trucks. The trucks are to be built and laid out according to the specifications set forth in the Manual or otherwise communicated and must be able to accommodate including being not more than 7 years old, are laid out according to our specifications, are free from rust, and are able to accommodate the basic inventory list. You must use the Vehicles when performing all Services for the Franchised Business. We do not represent or warrant that these minimum standards meet applicable legal and safety standards. It is your responsibility to ensure the Vehicles complies with all legal and safety standards at all times. You must properly maintain the Vehicles so that it is, at all times, clean, safe, reliable, and functional for its intended use and purpose and in accordance with applicable law. You must not transfer any Vehicles without first removing all of the Marks.

You are required to have a full vehicle wrap for the Vehicles. You must also incorporate our specified truck designs, including shelving. In order to maintain the high quality of the Marks, logos, designs and wraps associated with the System, you must have the Vehicles re-wrapped, refurbished and maintained, at your expense. You will not have to re-wrap the Vehicles until the 4^{th} year after you sign this Agreement (other than as a result of damage to the wrapping beyond normal wear and tear). Otherwise, you will have to re-wrap, refurbish and maintain the Vehicles as we determine in our sole discretion (typically every 2 to 3 years), in order to conform with the then-current signage, logos, design or graphic wrap associated with ZOOM DRAIN Businesses.

8.7 ***Specifications, Standards And Procedures.*** We endeavor to maintain high standards of quality and service by all ZOOM DRAIN Businesses. To this end, you agree to cooperate with us by maintaining high standards in the operation of your Franchised Business. You must comply with all of the procedures and systems we institute both now and in the future, including those relating to the Services you offer in connection with the Franchised Business, computer software and hardware requirements, terms and conditions of use of our website, good business practices, advertising and other obligations and restrictions set forth in this Agreement, the Manual (as may be amended from time to time) or otherwise in writing.

8.8 ***Compliance With Laws and Good Business Practices***. You must secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including but not limited to OSHA, health and sanitation laws and commercial vehicle licensure laws. All of your advertising and promotion by must be completely factual and must conform to the highest standard of ethical advertising. You must, in all dealings with your customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business or the goodwill associated with the System, the Marks, and other ZOOM DRAIN Businesses.

8.9 ***Insurance***. You must purchase, and at all times during the Term of this Agreement, maintain in full force and effect, policies of insurance for and in respect of the Franchised Business in such amounts and with such coverages as we reasonably require as set forth in the Manual, including, without limitation, (a) commercial general and product liability insurance, (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance for the replacement value of the Franchised Business and its contents, and (c) any other insurance policies, such as business interruption, automobile and unemployment and workers compensation issuance, as we may specify from time to time in the Manual. All such policies must be issued by carriers we approve and contain all the types and minimum coverages, exclusions and maximum deductibles as provided in the Manual. In all such policies of insurance, we and our affiliates must be named as an additional insured and all such policies must provide that we will be sent duplicate copies of all documentation and correspondence from the insurer. You must, at least 14 days prior to the date you Commence Operating the Franchised Business, provide us with a certificate of coverage issued by the insurer indicating that all required insurance is in full force and effect and that it will not be terminated, permitted to lapse, expire or be changed without at least 30 days' prior written notice to us. In the event that you do not maintain such insurance as required, we may obtain such insurance from an insurer we select and keep the same in full force and effect at your sole expense. In such event, you must promptly reimburse us for the cost of such insurance upon receipt of an invoice therefor. At your option and sole cost, you may participate in any group or blanket insurance program which we may establish from time to time for its franchisees.

8.10 ***Confidential Operations Manual***. We will provide you, for the duration of the Term, with access to the Manual. You agree that you must comply with the mandatory requirements in the Manual and that such compliance is an essential part of your obligations under this Agreement. You must, at all times, be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual will constitute our Confidential Information and shall remain our property. The Manual cannot be photocopied, reproduced or disseminated without our written consent. The Manual may be modified from time to time by us in our sole discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that such changes may be necessary and may involve the expenditure of substantial sums of money by you. We agree to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. You must at all times ensure your copy of the Manual is always kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us shall be controlling.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchise owner's business. We may grant variations from standard specifications and practices as we determine in our sole discretion, and we shall have no obligation to grant other franchisees like or similar variations.

8.11 ***Innovations***. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a ZOOM DRAIN Business, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item. However, if this provision is found to be invalid or unenforceable, you and your Owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique, innovation, development, improvement, suggestion or material.

8.12 ***Operating the Franchised Business***. You agree to Commence Operating the Franchised Business at the Approved Location within 90 days (if your Franchised Business at the Approved Location is converted from another business) or 120 days (if you are starting a new business at the Approved Location) after this Agreement is accepted by us. You agree to Commence Operating the Franchised Business at each Additional Location within 90 days (if your Franchised Business at the Additional Location is converted from another business) or 120 days (if you are starting a new business at the Additional Location) after the applicable Site Selection Addendum is accepted by us. You must not open or close any office nor change the location of any Approved Location or Additional Location without first notifying us. Any relocation of the Approved Location or any Additional Location must be within the Protected Territory.

8.13 ***Use of Name and System***. You agree that during the Term you will operate, advertise and promote the Franchised Business under the name "ZOOM DRAIN" without prefix or suffix and to adopt or any other Marks we require and use the Marks and System licensed hereunder solely in the manner prescribed by us.

8.14 ***Actual Participation***. You recognize the importance of the Principal Owner's participation in the management of the Franchised Business and that the Principal Owner's agreement to participate in the operation of the Franchised Business is a material inducement for us to enter into this Agreement. Therefore, you agree that the Principal Owner who has satisfactorily completed our Zoom Zip training program is required to use his or her best efforts and is personally responsible for the operation of the Franchised Business. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone else who will provide Services in the operation of the Franchised Business. If there are any supervisory personnel, they are required to sign an agreement regarding confidentiality and covenants not to compete and non-solicitation in a form similar to the form set forth in the Manual.

8.15 ***Cooperation For Financial Performance Representations***. You will maintain your books and records in the form and manner we require. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

8.16 ***Franchise Advisory Council***. We reserve the right to establish an advisory council of franchisees and our representatives to provide non-binding advice to us ("**Franchise Advisory Council**"). In the event that we establish a Franchise Advisory Council, you must become a member of the Franchise Advisory Council and pay any dues which may be associated therewith. We have the right to prepare and amend the by-laws for, or to dissolve, the Franchise Advisory Council.

8.17 ***Owners of Franchisee***. **Exhibit 4** to this Agreement must at all times completely and accurately describe all of your owners and their beneficial ownership interests in you ("**Owner(s)**"). You and your Owners must sign and deliver to us such revised **Exhibit 4** as may be necessary to reflect any permitted changes in the information contained therein within 7 days following the occurrence thereof and to furnish such other information about your organization or formation as we may request.

9. Advertising

9.1 ***Marketing Fund***. We have established a Marketing Fund (the "**Marketing Fund**"). You must contribute 2% of your Net Sales to the Marketing Fund. We may modify the amount of the Marketing Fund Contribution at any time on not less than 30 days' prior Notice to you. We have complete discretion over the expenditure of Marketing Fees contributed to the Fund. The Marketing Fund will be used to provide advertising, marketing and promotional activities we deem beneficial to the System. We agree to use the Marketing Fees received from you for the payment of costs associated with the creation, production, distribution, media placement, maintenance and upgrading of our website, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Marketing Fund is intended to maximize recognition of the Marks and the patronage of the ZOOM DRAIN Businesses generally. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all ZOOM DRAIN Businesses, we do not ensure that the Marketing Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Fund contributions by ZOOM DRAIN Businesses operating in that geographic area or that any particular ZOOM DRAIN Business will benefit directly or in proportion to your Marketing Fund contributions. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the marketing funds during any specific time period. Marketing and advertising may be handled by the outside advertising agency which we select.

The Marketing Fund is not a trust and we have no fiduciary obligation to you for administering the Marketing Fund. However, we will account for the Marketing Fund separately from our other funds and will maintain a separate bank account. We will prepare annual unaudited statements of monies collected and costs incurred by the Marketing Fund and furnish the statements to you upon your reasonable written request. If we do not use all of the funds deposited in the Marketing Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Marketing Fund to cover our administrative and overhead expenses associated with operating the Marketing Fund. We have a contractual obligation to hold all Marketing Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We intend for the Marketing Fund to be of perpetual duration; however, we may terminate the Marketing Fund at any time. If terminated, any unspent Marketing Fund contributions will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Marketing Fund contributions to our franchisees in proportion to their respective contributions during the previous period we determine in our sole discretion. We will be entitled to reimbursement from the Marketing Fund to cover our administrative and overhead expenses associated with operating the Marketing Fund.

9.2 ***Your Own Advertising***. In addition to the Marketing Fee, you must spend at least 5% of Net Sales each calendar quarter on your own advertising. You must provide proof of your advertising and sales promotion expenditures in such form, with such detail and including copies of such advertising and materials and receipts as we request, no later than 30 days after the end of each calendar quarter. We must consent to your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 7 days, we will be deemed to have consented to your use of them.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are not permitted to use the Marks in any manner that we have not expressly approved in writing. Without limiting this broad restriction, you may not use the Marks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved. You will not advertise your products or services or use the Marks on the Internet except with our prior consent.

9.3 ***Initial Advertising***. In addition to the Marketing Fee, you must conduct an initial advertising and marketing campaign during the first three (3) months after you Commence Operating the Franchised Business at the Approved Location (the "**Initial Advertising**"), and you must expend not less than $15,000 per month for such purpose. The Initial Advertising will utilize the marketing and public relations programs and the media and advertising materials You must provide to us, within 30 days of our request, copies of all receipts and other documents we reasonably request, including but not limited to access to your QuickBooks Enterprise online management software, demonstrating your compliance with these obligations. The expenditures you make for the Initial Advertising will count towards the 5% advertising requirements set forth in Section 9.2.

9.4 ***Internet And Other Electronic Advertising***. We have established an Internet website www.zoomdrain.com which we control. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any website, mobile app or social media outlet at any time and to require you to give us administrative control and/or log-in information for any social media site you operate for the promotion of the Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 7 days after our request, dismantle any frames and links between your web pages and any other websites. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

10. Accounting, Reports And Financial Statements

10.1 ***Accounting And Records***. You will maintain and preserve for at least 7 years from the dates of their preparation, full, complete and accurate books, records and accounts in the form and manner prescribed by us from time to time. You will send us annual income and expense statements within 60 days of the end of your fiscal year. You will also send us monthly summary reports by the 20th of each month based on the preceding monthly profit and loss statements and any other information or reports, including copies of balance sheets, copies of sales tax returns, as we may reasonably request. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied. We also have the right to access and obtain any information which you are required to deliver to us for the Franchised Business pursuant to the terms of this Agreement directly from the systems you establish, and, to the extent we cannot or do not do so, you must transmit to us all information we request in the manner and at the times we specify.

10.2 ***Reports And Tax Returns***. You must furnish us the following reports and documents:

10.2.1 Within 10 days of their filing, exact copies of all federal or state sales, service or value added tax returns, state financial reports, and portions of your federal and state income tax returns which reflect the operation of the Franchised Business. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law; and

10.2.2 Other periodic reports, information and supporting records as we prescribe. All reports, financial statements and information must be on forms we prescribe or approve and must be verified and signed by you.

11. Inspections And Audits

11.1 ***Our Right To Inspect***. To determine whether you are complying with this Agreement, and/or to determine whether you are complying with all applicable specifications and quality standards in connection with your use of the System and Marks, we or our designated agents, have the right, at any reasonable time and without prior notice to you to, among other things:

11.1.1 Observe you and any employees or agents of the Franchised Business during the performance of any Services;

11.1.2 Inspect any Vehicles displaying any signage, logo, graphic or wrap associated with the Franchised Business; and

11.1.3 Contact and interview any customers of the Franchised Business.

We assume no liability to you or third parties with respect to such inspections, and you understand that the purpose of the inspections is to protect the System, Marks and goodwill arising therefrom, and not to assume any responsibility for any deficiencies or defects, etc. We may require that you furnish your customers with an evaluation form prescribed by us, pre-addressed and postage prepaid, to us. You must fully cooperate with our representatives making any inspection or observing your or any of your employees or agents' work in the Franchised Business.

11.2 ***Our Right To Audit***. We have the right, at any time during normal business hours, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, service, value added, and income tax records and returns and other records of the Franchised Business. You must fully cooperate with our representatives and independent accountants hired to conduct any inspection or audit. This provision survives the termination or expiration of this Agreement.

12. Marks

12.1 ***Ownership and Goodwill of Marks***. You acknowledge that the Marks are valid service and/or trademarks, which are licensed to us. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement.

Any goodwill arising out of your use of the Marks inures to the benefit of us and the owner of the Marks. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos and commercial symbols hereafter authorized for use by, and licensed to, you.

12.2 ***Limitations on Use of Marks***. You agree to use the Marks as the sole identification of the Franchised Business, provided that you identify yourself as the independent owner in the manner prescribed by us. You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently and, in the manner, prescribed by us on forms authorized by us. All Marks must be displayed in the manner prescribed by us. You agree to give notices of trademark and service mark registrations and copyrights as we specify and to obtain fictitious or assumed name registrations as applicable law requires.

12.3 ***Restrictions on Internet and Website Use***. You agree not to register any Internet address name under any Internet domain, class or category, or any user or account name, including on any social media website, that contains the phrase "ZOOM DRAIN" or any abbreviation, acronym or variation of that phrase without our prior written consent or in the manner we approve. We and our Affiliates retain the sole right to determine the content on any website we create.

12.4 ***Notification of infringements and Claims***. You will not directly or indirectly contest or aid in contesting the validity of our ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our or our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We or our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

12.5 ***Modification and Discontinuance of Marks***. We will have the right to modify or discontinue the use of the Marks at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

12.6 ***No Use in Business Name***. Except as provided in Section 12.2, you may not use the Marks in connection with your corporate, business organization or trade name, or in connection with any prefix, suffix or other modifying words, terms, designs or symbols (except for those that we license to you) or in any modified form. You may not use the Marks when selling any unauthorized product or service or in any other manner that we have not expressly authorized in writing in advance.

12.7 ***Third Party Beneficiary***. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

13. Relationship of the Parties/Indemnification

13.1 ***Relationship***. We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Franchised Business and in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that our relationship is other than franchisor and franchisee.

13.2 ***Your Indemnification***. Under no circumstances will we be liable for any of your acts, omissions, debts, or other obligations. You will indemnify, defend, and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, Affiliates, successors and assigns (each an "**Indemnitee**") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, Affiliates, successors and assigns pursuant to or in connection with the operation of the Franchised Business regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law). Notwithstanding anything to the contrary contained herein, you have no obligation to indemnify an Indemnitee to the extent Indemnitee's liability arises from or is related to its own negligence.

14. Transfer

14.1 ***By Us***. We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

14.2 ***By You***. The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future Transfer, and no future Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section 14.4 below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

14.2.1 The Transfer is conducted in compliance with applicable laws, regulations and licensing requirements;

14.2.2 You have performed your obligations and duties under this Agreement and you are not in default under this Agreement, or any other agreement with us or our Affiliates;

14.2.3 You have paid all amounts owed to us and our Affiliate, and pay all other outstanding obligations relating to your Franchised Business;

14.2.4 You, including all owners, officers and directors (as well as all guarantors under this Agreement) must execute a general release, in the form approved by us, of any and all claims against us and our Affiliates, and ours and their respective owners, officers, directors, employees and agents;

14.2.5 The transferee meets the established standards for new franchisees, is of good moral character, and has a good credit rating, sufficient financial resources to operate the Franchised Business and competent qualifications. At our option, the transferee must assume all of your obligation under this Agreement and any and all ancillary documents, or execute the most current franchise agreement for the state in which the Franchised Business is located and any and all ancillary documents including the Agreement to Comply with Certain Undertakings of Franchisee;

14.2.6 We are paid a transfer fee equal to 50% of the then-current Initial Franchise Fee;

14.2.7 The transferee agrees to assume all liabilities and obligations from the prior operation of the Franchised Business and comply with other reasonable requirements we may impose;

14.2.8 The transferee and the transferee's Principal Owner, successfully completes the Zoom Zip training program;

14.2.9 The transferee updates the equipment and Vehicles used in the Franchised Business to comply with the then-current standards imposed by us;

14.2.10 If we approve a Transfer, we shall have the discretion to require you and the guarantors of this Agreement to remain liable for the full and faithful performance of the obligations of the transferee; and

14.2.11 Although we will not be required to determine the value of business upon a Transfer, if, in our reasonable judgment, the purchase price or terms of the Transfer are not economically feasible to the transferee, we can withhold our consent to such Transfer. Our consent is not, however to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the transferee, stating the reasons for which we have elected to withhold approval of the proposed Transfer.

14.3 ***Your Death Or Disability***. Notwithstanding the foregoing restrictions on Transfers, a Transfer to your or your Principal Owner's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of you or your Principal Owner, is permissible if such heirs, personal representatives or conservators, as applicable, meet our standards for new franchisees; at our option, assume all of your obligations under this Agreement, all ancillary documents and execute a new Guaranty and Assumption of Obligations, or execute the then-current form of franchise agreement and all ancillary documents, including the Guaranty and Assumption of Obligations; and have satisfactorily completed our initial training program at such heir's, personal representative's or conservator's sole cost and expense. No Transfer pursuant to this Subsection shall be subject to the Transfer Fee.

14.4 ***Our Right Of First Refusal***. Notwithstanding the foregoing paragraphs (other than Section 14.3), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Franchised Business from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Franchised Business after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such interest to the bona fide third-party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section 14.2. In the event you fail to complete the sale of such interest to this third party on these terms within this 90-day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

15. Default And Termination

15.1 ***Termination By Us With 30-Day Opportunity to Cure***. We may, at our option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the Term of this Agreement for "**good cause.**" Without limitation as to other situations, good cause for termination exists if you or any guarantor of this Agreement:

15.1.1 Does not perform all of the lawful terms, conditions and obligations of this Agreement or the mandatory obligations under the Manual; or

15.1.2 Misrepresents Net Sales; or

15.1.3 Lose any permit or license which is a prerequisite to the operation of the Franchised Business for a period of 5 days; or

15.1.4 Misuse the Marks or Confidential Information, or engage in conduct which, in our sole opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the franchise system or the Franchised Business; or

15.1.5 Are adjudged bankrupt, become insolvent or make a general assignment for the benefit of creditors (subject to Section 15.3(d) below); or

15.1.6 Are convicted of, plead guilty or no contest to, or commit any criminal misconduct which materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the Zoom Sewer and Drain Cleaning franchise system (subject to Section 15.3(a) below);

15.1.7 Fail to keep the Franchised Business open for a period of 3 consecutive days without justifiable cause; or

15.1.8 Fail to pay your or their lawful debts and taxes when the same become due; or

15.1.9 Fail to achieve the Minimum Growth Requirements; or

15.1.10 Commit any other act which constitutes good cause under applicable state law or court decisions.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

15.2 ***Termination By Us With 10 Days Opportunity to Cure***. We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; or your failure to open the Franchised Business for business within the time period required by Section 5.4 or Section 5.5, as applicable. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 10 days' prior written notice of such default (except that, if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 10 days after the date we gave you notice of default.

15.3 ***Termination By Us Without Opportunity to Cure***. Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) conviction of a felony or any other criminal misconduct that, in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (b) fraudulent activity that in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (c) abandonment of the Franchised Business; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; (g) repeated failure or refusal to comply with the lawful provisions of this Agreement (*i.e.*, 2 or more times in any 12 month period), whether or not such failures or refusals are corrected after notice and whether or not such failures relate to the same provision; or (h) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

15.4 ***Consequences of Termination or Expiration***. Upon termination or expiration of the Term of this Agreement for any reason whatsoever or upon any Transfer, all of your rights hereunder shall terminate, and you must do the following:

15.4.1 Cease to be a franchisee of ours and cease to operate the Franchised Business. You must not thereafter directly or indirectly represent to the public that the former business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours;

15.4.2 Discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, and return and delete any copyrighted materials that have been provided to you by us, including the Manual and any other materials that contain the Marks;

15.4.3 Pay all amounts due to us, our Affiliates and suppliers;

15.4.4 Cancel any assumed name registration or equivalent registration obtained by you that contains the Marks, and furnish us with evidence satisfactory to us of compliance with this obligation within 5 days of the termination or expiration of the Term of the Agreement or the

Transfer. Thereafter, you must not do business under any name using any Mark (or any abbreviation or derivation thereof, or substantially similar thereto);

15.4.5 Immediately cease providing services to all customers and forfeit all rights you have to the customer accounts and any and all information about the customers. Upon our request, you will assign us any or all of your customer contracts, and we will have the right to either service the accounts or assign the servicing of the accounts to others. In such event, you will provide us with all records, files and information on each customer upon our request; and

15.4.6 Comply with all post-term covenant obligations, including without limitation the Confidential Information, non-competition, non-solicitation and indemnification provisions.

15.5 ***No Relief From Your Obligations***. Neither a Transfer nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination that is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

16. Confidential Information/Restrictive Covenants

16.1 ***Non-Disclosure of Confidential Information***. In consideration of our granting you a franchise, and in recognition by you that the Confidential Information constitutes valuable and unique assets owned by or in the custody of us, you hereby agree and covenant that you will not use or disclose the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of your obligations pursuant to this Agreement and your operation of the Franchised Business, now and in the future. You must hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it, or disclose it to anyone without our prior written consent or as required by law during the Term of this Agreement and thereafter. You may disclose the Confidential Information only to owners, officers, directors, members, partners, employees, agents and managers only to the extent necessary to operate the Franchised Business in accordance with this Agreement. You agree that the disclosure or use by one of your partners, shareholders, members or owners, or any spouse or member of the immediate family of the foregoing, of any Confidential Information other than in the operation of the Franchised Business, shall be deemed a breach and default by you of this Section. You further acknowledge that it would be an unfair method of competition for you or such partner, shareholder, member, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from us for any use other than the operation of the Franchised Business in accordance with this Agreement.

16.2 **Competing Business During the Term of This Agreement**. You acknowledge the uniqueness of the System and that we are making our knowledge, know-how, and expertise available to you for the purpose of operating the Franchised Business strictly and solely within the Protected Territory. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Franchised Business under this Agreement. You further recognize the importance of devoting substantial time and energy to the Franchised Business. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of the guarantors of this Agreement will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of ours (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). You may engage in other non-Competitive Business activities during the Term of this Agreement.

16.3 ***Competing Business After the Term of This Agreement***. For two (2) years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any guarantor of this Agreement will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area within (a) the Protected Territory; (b) a 25-mile radius of the location of your former Franchised Business; (c) a 50-mile radius surrounding the Protected Territory; (d) within the Protected Territory of any other ZOON DRAIN Business; (e) at the location of any other ZOOM DRAIN Business; or (f) within a 50-mile radius of the Protected Territory of any other ZOOM DRAIN Business, whether or not established, being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

16.4 ***Non-Solicitation***. For a period of 2 years after any Transfer, or the expiration or termination of the Term of this Agreement, whether for any reason or no reason, voluntary or involuntary, or for cause or without cause, you will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing customers or identified prospective customers with whom you or your employees or other agents have had direct or indirect contact or about whom you or your employees or other agents have learned Confidential Information by virtue of the operation of the Franchised Business ("**Customers**"), other than Customers with whom you have had no contact within the 2 years preceding such termination, expiration, or Transfer.

16.5 ***Reasonableness Of Restrictions***. You and the guarantors of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section 16 are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited, and faithful observance of each of the covenants contained in Section 16 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section 16 will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them, or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

You acknowledge that to disregard the provisions of this Section 16 would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the ZOOM DRAIN Businesses could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict your activities under Section 16 of this Agreement only to the extent necessary for the protection of our, our Affiliates', and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid, or unenforceable, then the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Section 16, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Section 16. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms "**we**", "**us**", or "**our**" were defined in this Agreement to include such entity.

17. Dispute Resolution

17.1 ***Mediation***. We and you acknowledge that during the Term of this Agreement or thereafter, certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise between you and us, we agree that before commencing any legal proceeding against the other party, the dispute will first be submitted to non-binding mediation (the "**Mediation**") in Norristown, Pennsylvania, unless the parties mutually agree to another location. The Mediation shall be conducted under the then current Center for Public Resources ("**CPR**") Procedure for Resolution of Franchise Disputes (the "**CPR Mediation Rules**") except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. You and we will select the mediator from the CPR Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, CPR will make the selection. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between you and us. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Notwithstanding the foregoing, the obligation of Section 17.1 to mediate will not be binding with respect to claims brought by us relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by either party for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by litigation of the actual dispute between the parties.

17.2 ***Venue***. Except as otherwise provided in this Agreement, all controversies, disputes or claims between Franchisor and Franchisee arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the state or federal courts of general jurisdiction for Montgomery, PA. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Pennsylvania law. In the event that the federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

17.3 ***Arbitration***.

17.3.1 In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Norristown, Pennsylvania (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current CPR Procedure for Non-Administered Arbitration of Franchise Disputes ("CPR Arbitration Rules"), except to the extent the CPR Arbitration Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the CPR. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section 17.3, if any dispute that names, involves or includes us, our respective affiliates, owners, officers, managers, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

17.3.2 The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section 17.3, including but not limited to, any claim that all or any part of this Section 17.3 is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, we may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding

17.3.3 The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you, your guarantors and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the Term of this Agreement. Except as provided in subsection 17.3.1 above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

17.4 ***Limitations Period***. Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within 1 year from the date the complaining party knew or should have known of the facts giving rise to such claim.

17.5 ***Franchisee's 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, that 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. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

17.6 ***No Jury Trial***. THE PARTIES, INCLUDING OWNERES AND GUARANTORS HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

17.7 ***Attorneys' Fees***. The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

18. Enforcement

18.1 ***Severability and Substitution of Valid Provisions***. Except as expressly provided to the contrary, each section, paragraph, term and provision of this Agreement, and any portion thereof, is considered severable. To the extent that any part of this Agreement is deemed unenforceable by virtue of its scope in terms of area, time or business activity prohibited, but could be enforceable by reducing any or all provisions, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of the Term of this Agreement or refusal to renew this Agreement than is required in this Agreement, or the taking of some other action not required in this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by the law or rule shall be substituted for the comparable provisions.

18.2 ***No Waiver***. Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular ZOOM DRAIN Business, but the waiver in favor of any other franchisee or ZOOM DRAIN Business will not prevent us from enforcing the requirements against you, all other franchisees and all other ZOOM DRAIN Businesses.

18.3 ***Obligations Absolute***. You agree that your obligations to make any payments as specified in this Agreement, and any other agreement entered into with us or any of our Affiliates with respect to the Franchised Business, and the rights of us and our Affiliates to receive such payments, are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us and any of our Affiliates or against any other person for any reason whatsoever.

18.4 ***Day-To-Day Control***. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchised Business is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us, your rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for employees at the Franchised Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Manual to the contrary. We expressly disclaim any responsibility or undertaking to ensure your compliance with the satisfactory and legal operation of the Franchised Business, and we will not in any way be liable to you or any third parties for your failure to comply with any of the terms of this Agreement or your failure to comply with any of our standards or suggestions, it being the understanding of the parties that you and you alone are responsible for the day-to-day operations of the Franchised Business.

18.5 ***Governing Law***. You acknowledge that this Agreement was accepted in the State of Pennsylvania. You further acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Pennsylvania, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. § 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Pennsylvania without regard to principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of Pennsylvania, and if the Protected Territory is located outside of Pennsylvania and the provision would be enforceable under the laws of the state in which the Protected Territory is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Protected Territory is located. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in **Exhibit 6**. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

18.6 ***Binding Effect***. This Agreement is binding upon the parties and their respective executors, administrators, heirs, permitted assigns and successors in interest, and shall not be modified except by written agreement signed by both you and us.

18.7 ***Representative Capacity***. In all of their dealings with you, our officers, directors, employees and agents act only in their representative capacity for us, and not in any individual capacity or on behalf of us or our Affiliates or agents.

18.8 ***Timing***. Time is of the essence of this Agreement. It will be a material breach of this Agreement for you to fail to perform any of your obligation within the time required or permitted by this Agreement.

18.9 ***Approvals***. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing and signed by us. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

18.10 ***Cumulative Rights and Remedies***. In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this

Agreement, or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

18.11 ***Construction***. The headings of the several sections and paragraphs are for convenience only and do not define, limit, or construe the contents of the sections or paragraphs. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is executed in multiple copies, each of which is deemed an original.

18.12 ***Notices***. All notices required under this Agreement will be in writing and will be deemed given: (i) if hand delivered, on the day of delivery; (ii) 4 days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed in the opening paragraph of this Agreement or at such other address as either party will specify in a notice to the other party.

19. Additional Warranties And Representations

19.1 ***Your Understandings***. You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors acknowledge that you and they are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your and their own independent investigation of this franchise and not act in reliance on or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, brokers or other franchise sellers that are not contained in or are contrary to the terms set forth in this Agreement or any representation in the FDD. You and your guarantors understand that you and they may sustain losses as a result of the operation or the closing of the Franchised Restaurant. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative, and hard work.

19.2 ***Compliance with Laws***. You and your Owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. You represent and warrant that neither you nor any of your direct or indirect Owners, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). You and your Owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of yours or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement**.**

20. General

20.1 ***Caveat***. THE SUCCESS OF THE FRANCHISED BUSINESSES IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY

REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE FRANCHISED BUSINESS, AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS **EXHIBIT 8.**

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU ARE NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

20.2 *No Class Actions*. **Any disagreement between you and us (and our affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and you waive any right to proceed against us (and our affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.**

20.3 ***Non-Liability of Our Affiliates***. We are the only company obligated to you under this Agreement. You may not look to or any other Affiliate of us, or related companies, other business entities or individuals for performance of this Agreement.

20.4 ***Force Majeure***. Neither party shall be liable to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections, acts of God, epidemics, or other public health emergencies of local, national or international concern. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt Notice of any such delay; provided, however, that if the delay exceeds 75 days, we have the right to terminate this Agreement or to require you to move to a new location approved by us within an additional period of 120 days.

20.5 ***Survival***. All obligations which expressly or by their nature survive termination or expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

20.6 ***No Third-Party Beneficiaries***. Except as otherwise expressly provided herein, this Agreement is exclusively for the benefit of the parties hereto and shall not confer a benefit on, or give rise to liability to, a third party. No agreement between us and a third party is for your benefit.

20.7 ***Entire Agreement***. You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement.

20.8 ***Amendments***. No change, modification, amendment, or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties.

20.9 ***Execution and Electronic Counterparts***. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement and all related documents may be executed and delivered by facsimile or other electronic signature method by any of the parties to any other party and each will be deemed original signatures. Electronic copies of this document shall constitute and be deemed an original copy of this document for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this document. The receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

[SIGNATURE PAGE TO FOLLOW]

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

Franchisor:

ZOOM FRANCHISE COMPANY, LLC

By: ______________________________

Title: ______________________________

Franchisee:

(If Franchisee is a corporation or limited liability Company)

____
Name of corporation or limited liability company

By: ______________________________

Title: ______________________________

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

____
Franchisee

____
Franchisee

Owners' Acknowledgment

Each following party is mentioned in this Agreement as having certain rights and/or duties as an owner of the Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an owner mentioned in this Agreement.

Owner:	Owner:
______________________________	______________________________
By: ______________________________	Print name: ______________________
Name: ______________________________	
Its: ______________________________	
Owner:	Owner:
______________________________	______________________________
By: ______________________________	Print name: ______________________
Name: ______________________________	
Its: ______________________________	

Exhibit 1

AGREEMENT TO COMPLY WITH CERTAIN UNDERTAKINGS OF FRANCHISEE

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Franchise Agreement"), by Zoom Franchise Company LLC ("us", "we", or "our") in favor of ________________________________ ("FRANCHISEE"), the undersigned ("UNDERSIGNED") agrees to personally comply with and abide by the following section of the Franchise Agreement: Confidential Information/ Restrictive Covenants (Section 16) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration, termination, non-renewal, or transfer of the Franchise Agreement or this Agreement to Comply with Certain Undertakings of Franchisee ("Undertakings Agreement").

The obligations of the UNDERSIGNED hereunder are not contingent or conditioned upon our pursuit of any remedies against FRANCHISEE or any other person; nor will such obligations be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may from time to time grant to FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial performance or the compromise or release of any claims, none of which will in any way modify or amend this Undertakings Agreement, which will be continuing and irrevocable during the term of the Franchise Agreement and thereafter.

If we or any of our affiliates are required to enforce this Undertakings Agreement in any judicial proceeding or appeal thereof, the UNDERSIGNED shall reimburse us and our affiliates for our and/or their costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Undertakings Agreement. Further, UNDERSIGNED hereby consents to the applicability of the venue, governing law and jurisdiction provisions in the Franchise Agreement.

The terms contained in the Franchise Agreement and this Undertakings Agreement constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

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

UNDERSIGNED:

Print Name: ______________________
Signature: ________________________
Date: ____________________________
Address: _________________________
____

Print Name: ______________________
Signature: ________________________
Date: ____________________________
Address: _________________________

Exhibit 2

BUSINESS TERMS

Your business name,
address, phone number,
facsimile and e-mail address:

Expiration Date of this Agreement:

Approved Location of Franchised Business:

Protected Territory:

Population in your Protected Territory:

Exhibit 3

ADDITIONAL SITE SCHEDULE

This Additional Site Schedule (this "**Schedule**"), entered into on the ___ day of _______, 20__, by and between ZOOM FRANCHISE COMPANY, LLC ("**us**", "**our**" or "**we**"), and , and _______________ _____________, a ____________ ("**you**" or "**your**") amends and modifies the Franchise Agreement between us and you dated on the _____ day of ___________, 20___, as amended ("**Franchise Agreement**").

WHEREAS, you are operating a Franchised Business at an Approved Location and such other "Additional Locations" previously approved (if any) pursuant to the terms of the Franchise Agreement;

WHEREAS, you would like to operate the Franchised Business using the System and Marks at an additional location (hereinafter referred to as an "**Additional Location**");

WHEREAS, we are willing to consent to your operating an Additional Location under the terms and conditions set forth herein;

NOW, THEREFORE, we and you agree as follows:

1. Grant of License. Subject to the terms and conditions herein, we hereby grant to you and you hereby accept from us, a non-exclusive right to use the System and Marks to open and operate an Additional Location within the Protected Territory located at ____________________________ under the terms and conditions set forth under the Franchise Agreement as amended herein. This Additional Location will be operated as part of the Franchised Business. All terms of the Franchise Agreement regarding the Approved Location are equally applicable to the Additional Location except as otherwise provided herein.

2. Additional Location Fee. You must pay us an Additional Location Fee of $2,000 upon execution of this Additional Site Schedule. This fee is fully earned when paid and is not refundable under any circumstances.

3. Site Selection. The site of the Additional Location is selected by you, subject to our consent. We will advise you whether the proposed Additional Location site is acceptable in accordance with the terms and conditions of Section 5.3 of the Franchise Agreement. We are not responsible for and do not make any warranty regarding the suitability of the Additional Location site, and our consent to an Additional Location site means only that the location meets our minimum standards for an acceptable location. You are primarily responsible for investigating the Additional Location and having any leases or sale contract for the site reviewed and approved by your attorney.

4. Commencing Operation of the Additional Location. You shall Commence Operating the Additional Location within 90 days (if your Franchised Business at the Additional Location is converted from another business) or 120 days (if you are starting a new business at the Additional Location) from the execution of this Schedule.

5. Construction of the Additional Location. You are solely responsible for obtaining all necessary financing and constructing the Additional Location in accordance with the layout and other criteria described in our Manual or in other written communications by us. You may not Commence Operating the Additional Location until we provide our written notice of approval.

6. Maintenance, Appearance and Remodeling. You must maintain the Additional Location and its

appearance in accordance with our standards which we will communicate to you from time to time in the Manual, or by other written or electronic communications.

7. All other Terms in Effect. Except as modified by this Additional Site Schedule, all of the terms of the Franchise Agreement and the Agreement to Comply with Certain Undertakings of Franchisee shall remain in full force and effect. The Guarantors hereby ratify and affirm their personal guarantees under the Agreement to Comply with Certain Undertakings of Franchisee by signing this Schedule. This Schedule hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Addendum.

Franchisor:

ZOOM FRANCHISE COMPANY, LLC

By: ________________________________

Title: ________________________________

Franchisee:

(If Franchisee is a corporation or limited liability Company)

____
Name of corporation or limited liability company

By: ________________________________

Title: ________________________________

Guarantors:

____
Name:

____
Name:

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

____
Franchisee

____
Franchisee

Exhibit 4

OWNERS OF FRANCHISEE

Name of Owner	Nature of Interest	Beneficial Interest in Franchisee
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
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______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
______________________	______________	______________%
Totals		**100%**

Exhibit 5

PLUS PLAY ADDENDUM TO THE FRANCHISE AGREEMENT

This Plus Play Addendum ("**Plus Play Addendum**") is entered into this _____ day of ____________, 20___, by and between ZOOM FRANCHISE COMPANY, LLC ("**us**", "**our**" **or** "**we**"), and _____________________________________, a _________________________ ("**you**" or "**your**").

WHEREAS, you and we entered into that certain Franchise Agreement dated of even date herewith (the "**Franchise Agreement**"), for the operation of a ZOOM DRAIN Business; and

WHEREAS, you have an existing service business, _________________ (the "**Existing Business**") which we believe is complimentary to the ZOOM DRAIN Business, and you and we agree that operating the Existing Business in concert with your ZOOM DRAIN Business will provide strategic advantages; and

WHEREAS, the parties wish to modify the Franchise Agreement consistent herewith.

THEREFORE, the parties agree as follows:

1. **Amendment to Section 6.4**. Section 6.4 of the Franchise Agreement is hereby amended to provide that you are not required to utilize the services of any Call Center we may establish, and the Call Center Fee will only apply if you choose to utilize any such Call Center.

2. **Creation of Section 16.6**. A new Section 16.6 is hereby added as follows:

> "16.6 ***Existing Business***. Notwithstanding anything to the contrary in this Sections 16, it shall not be a violation of the covenants contained in Sections 16.2, 16.3 or 16.4 for you or your Owners to continue to solicit or accept business from, or to contact, any customer that is either (i) a customer from the existing business operated by your affiliate, ___________________ [name of the Existing Business] (the "**Existing Business**") as set forth on **Attachment A** attached hereto and incorporated herein; or (ii) is a customer that is identified as an Existing Business referral in your Zoom Customer database (collectively "**EB Customers**"). A customer shall be considered to have originated from the Existing Business if its first interaction with either the Existing Business or your Franchised Business is scheduling an appointment or otherwise requesting drain cleaning services from the Existing Business (e.g., they call the phone number for the Existing Business instead of the phone number for your Franchised Business). The parties intend for drain cleaning services, including those for EB Customers, will be provided by your Franchised Business, but it shall also not be a violation of the covenants contained in Sections 16.2, 16.3 or 16.4 for you or your Owners to provide any drain cleaning services for drains 2 inches or less through the Existing Business."

3. **Effectiveness of Agreement**. Except as modified by this Plus Play Addendum to the Franchise Agreement, all of the terms of the Franchise Agreement and the Agreement to Comply with Certain Undertakings of Franchisee shall remain in full force and effect. The Guarantors hereby ratify and affirm their personal guarantees under the Agreement to Comply with Certain Undertakings of Franchisee by signing this Schedule. This Plus Play Addendum to the Franchise Agreement hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Plus Play Addendum as of the day and year first above written.

Franchisor:	Franchisee:
ZOOM FRANCHISE COMPANY, LLC	(If Franchisee is a corporation or limited liability Company)
By: ______________________	______________________ Name of corporation or limited liability company
Title: ______________________	
	By: ______________________
	Title: ______________________
	(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)
	______________________ Franchisee
	______________________ Franchisee

ATTACHMENT A

CUSTOMERS OF THE EXISTING BUSINESS AS OF THE EFFECTIVE DATE OF THIS AGREEMENT

Exhibit 6

STATE LAW ADDENDUM

Exhibit 7

SERVICETITAN ACKNOWLEDGMENT

FRANCHISEE ACKNOWLEDGEMENT

By your signature below, you agree and acknowledge that Zoom Drain Franchise Company, LLC ("**franchisor**") may request from ServiceTitan, Inc. access to information that you input into the ServiceTitan system (the "**system**") or develop on the system in or with respect to accounts related to your ZOOM DRAIN franchised business(es), including, but not limited to customer data, transaction data and operational and financial data about your ZOOM DRAIN franchised business(es) (the "**data**"). Such access may be in individual or aggregated form and may take place with or without notice to you. You consent to this disclosure by ServiceTitan of any and all data to franchisor and its affiliates and agree to indemnify and hold harmless ServiceTitan and its subsidiaries, affiliates, officers, agents, and employees, for any damages, expenses, losses or liabilities suffered by you in connection with any such disclosure whether such damages are under contract or tort or under any other theory of liability.

Further, franchisor may request to be granted administrative access to your ServiceTitan user account(s) related to your ZOOM DRAIN franchised business(es), to export, transfer or grant access to your account or to data associated with such account(s) or your ZOOM DRAIN franchised business(es), to suspend such account(s) or your access to the system for your ZOOM DRAIN franchised business(es) or, in connection with a termination of our ZOOM DRAIN franchise agreement(s) with franchisor, to terminate or delete your ServiceTitan account(s) related to your ZOOM DRAIN franchised business(es). You consent to all such access and actions by franchisor and agree that you will not seek any mass export of your data with respect to your ZOOM DRAIN franchised business(es) without the written consent of franchisor. Further, you agree to indemnify and hold harmless ServiceTitan and its subsidiaries, affiliates, officers, agents, and employees, for any damages, expenses, losses or liabilities suffered by you in connection with any such actions of franchisor whether such damages are under contract or tort or under any other theory of liability.

You agree that you will at all times comply with the terms of use with respect to the system which are accessible at http://www.servicetitan.com/termsofservice. For the purposes of the terms of use, you consent to the disclosure and access rights granted to franchisor hereby. ServiceTitan, Inc. is an intended third-party beneficiary to this agreement.

Franchisee's Name:____________________________________

Signature:____

Date:____

Exhibit 8

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, ZOOM FRANCHISE COMPANY, LLC (the "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the operation of a ZOOM DRAIN Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes ____ No ____

2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "**FDD**") that Franchisor provided to you? Yes ____ No ____

3. Did you sign a receipt for the FDD indicating the date you received it? Yes ____ No ____

4. Date on which you received the FDD and related Exhibits explaining the ZOOM DRAIN Business:
 __________________________, 20___.
 (month, day)

5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement:
 ________________, 20___.
 (month, day)

6. Date on which you signed the Franchise Agreement: _______________________, 20___.
 (month, day)

7. Were you given the opportunity to discuss the benefits and risks of operating a ZOOM DRAIN Business with an attorney, accountant or other professional advisor, and do you understand those risks? Yes ____ No ____

8. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes ____ No ____

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of Franchisor's franchisees or company-owned or affiliate-owned businesses earn in operating the business other than what is discussed in Item 19 of the FDD? Yes ____ No ____

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business? Yes ____ No ____

11. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD? Yes ____ No ____

12. You understand that the Franchisor is not giving any legal or insurance advice regarding the operation and structure, etc. of the business and we are relying on our own independent counsel with respect to legal and insurance matters. Yes _____ No ______

13. You understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including pandemics. In addition, you understand that the aforementioned risks and any preventative or protective actions that federal, state, and local governments may take in response to a pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for a ZOOM DRAIN Business. Yes _____ No ______

* * *

Please understand that your responses to these questions are important to the Franchisor and that it will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _________________, 20___.

Franchise Applicant

Name: _________________________________

Signature: _______________________________

Exhibit 9

SBA ADDENDUM

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between Zoom Franchise Company LLC ("Franchisor"), located at 915 SOUTH TROOPER ROAD, NORRISTOWN, PA 19403, and ________________ ("Franchisee"), located at ________________.

Franchisor and Franchisee entered into a Franchise Agreement on ________________, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the ______________ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the ______________ term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: ____________________

Print Name: ____________________

Title: ____________________

Authorized Representative of FRANCHISEE:

By: ____________________

Print Name: ____________________

Title: ____________________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT B

TABLE OF CONTENTS OF MANUALS

Total Pages: 449 pages

EXHIBIT C

STATE SPECIFIC ADDENDA TO FDD AND FRANCHISE AGREEMENT

STATE LAW ADDENDUM - CALIFORNIA

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

Notwithstanding anything contained in the Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the California Investment Law shall apply to any franchise or franchisee located in the State of California, which shall control to the extent of any inconsistency:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 5 of the FDD and Section 6.1 of the Franchise Agreement shall be supplemented to include the following:

The California Department of Business Oversight has imposed financial assurances based on our financial condition. For this reason, the "initial franchise fees" are to be deferred. The "initial franchise fees" include any payments you make to us and our affiliates for goods and services before your Franchised Business is opened. The initial franchise fees will be deferred until all of our initial obligations to you have been fulfilled and you have opened your Franchised Business for business.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Business & Professions Code Sections 20000 through 20043, the California Business & Professions Code Sections 20000 through 20043 controls.

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

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

The Franchise Agreement contains a provision requiring you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31312 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516).

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

> Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).

OUR WEBSITE IS WWW.ZOOMDRAIN.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

<u>Other Provisions Unaffected</u>: All other terms and provisions contained in the Franchise Agreement and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the _________ day of ______________, 20___.

ZOOM FRANCHISE COMPANY LLC	FRANCHISEE: __________________________
By: ______________________________	By: ____________________________________
Name: ___________________________	Name: __________________________________
Title: ____________________________	Title: ____________________________

STATE LAW ADDENDUM – NEW YORK

Notwithstanding anything contained in the Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the New York State Franchise Act shall apply to any franchise or franchisee located in the State of New York, which shall control to the extent of any inconsistency:

Item 3 shall be supplemented by the following:

A. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark 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. Nor do we, any predecessor, any person identified in Item 2, or any affiliate offering franchises under the franchisor's principal trademark have any 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.

B. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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.

C. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark 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.

Item 4 shall be supplemented by the following:

Neither the franchisor nor any of its affiliates, predecessors, officers, or general partner, during the 10-year period immediately before the date of the offering circular, has: (a) filed as a debtor (or had filed against it, him or her) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its, his or her 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 the officer or general partner of the franchisor held this position in the company or partnership.

Item 5 shall be supplemented by the following:

All franchisee fees are applied to the franchisor's general operating fund. All obligations of franchisor, whether to franchisees or otherwise, are paid out of this fund. The Initial Franchise Fee is uniformly imposed.

Item 17 and the Franchise Agreement shall be supplemented by the following:

1. Any provision of the Franchise Agreement and Paragraph "d" under Item 17 of the FDD titled "Termination by franchisee", shall be supplemented to state that the franchisee may terminate the agreement on any grounds available by applicable law.

2. Any provision of the Franchise Agreement and Paragraph "j" under Item 17 of the FDD titled "Assignment of contract by franchisor", shall be supplemented as follows:

> 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 agreement.

3. The Franchise Agreement and Paragraph "w" under Item 17 of the FDD, are supplemented by the following provision:

> Any choice of law provision shall not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by the provisions of Article 33 of the New York State General Business Law.

All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the _________ day of ______________, 20____.

ZOOM FRANCHISE COMPANY LLC	FRANCHISEE: ___________________________
By: ______________________________	By: _____________________________________
Name: ____________________________	Name: ___________________________________
Title: _____________________________	Title: ___________________________________

EXHIBIT D

LIST OF FRANCHISEES

Franchised Outlet

SoCal ZD LLC
15540 Rockfield Blvd., C-210
Irvine, CA 92618
949-619-6769

Drain Cleaning and Repairs USA, LLC
1134 North Blvd. East
Leesburg, FL 34748
352-805-4775

Zoom Logos, Inc.
3 Eisenhower Dr.
Westbrook, ME 040382
207-807-4752

410 Plumber Sewer & Drain, Inc.
205 Carroll Island Rd.
Baltimore, MD 21220
410-406-7300

Zoomaha, LLC
6215 Grover Street
Omaha, NE 68106
402-979-9666

DBTNJ, LLC
411 River Road, Suite 10
Clifton, NJ 07014
201-522-4846

Campbell Drain Services, LLC
1049 Kings Highway
West Deptford, NJ 08086
856-367-8100

Better Jetter LLC
Attn: Ray Gremaux
1560A Locust Avenue
Bohemia, NY 11716
516-795-5000

Zoom East, LLC
7144 Weddington Road, Unit 180
Concord, NC 28027
980-321-0660

Knighton Plumbing, Inc.
1510 Whispering Meadow Lane
Kaysville, UT 84037
801-609-9004

Zoom Seattle, LLC
10011 Greenwood Avenue N
Seattle, WA 98133
206-851-8007

Franchises Opened in 2020

EPS Subsidiary II, LLC
55 E. Monroe Street
Suite 3800
Chicago, IL 60603
(312) 552-7731

Alex Broccuto, Jr.
Rochester, NY 14626
585-308-9779

Affiliate Owned Outlet

Zoom Sewer & Drain Cleaning Service, Inc.
915 South Trooper Road
Norristown, PA 19403
610-650-0555

Zoom Sewer & Drain Cleaning Service, Inc.
9216 State Road
Philadelphia, PA 19114
610-650-0555

FRANCHISEES WHICH LEFT THE SYSTEM

(The list of franchisees which have been terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.)

None.

EXHIBIT E

FINANCIAL STATEMENTS

THE BALANCE SHEET OF FRANCHISOR AS OF SEPTEMBER 30, 2020, AS WELL AS FRANCHISOR'S PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2020, AND ENDING SEPTEMBER 30, 2020, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Zoom Franchise Company, LLC
Balance Sheet
As of September 30, 2020

		Total
ASSETS		
Current Assets		
Bank Accounts		
1010 WF Checking 6231		204,030.17
1015 WF Savings 0547		191,934.17
Total Bank Accounts	**$**	**395,964.34**
Accounts Receivable		
1100 Accounts Receivable		177,272.19
Total Accounts Receivable	**$**	**177,272.19**
Other Current Assets		
1200 Undeposited Funds		2,313.90
Total Other Current Assets	**$**	**2,313.90**
Total Current Assets	**$**	**575,550.43**
Other Assets		
1310 Prepaid Expenses		22,630.91
1500 Trademarks - Original Cost		19,963.90
1505 Trademarks - Accum Amort		-6,700.93
1510 Intellectual Prop - Orig Cost		150,000.00
1515 Intellectual Prop - Accum Amort		-26,250.00
1517 Website - Orig Cost		45,550.00
1519 Website - Accum Amort		-7,287.00
1520 Related Party Receivables		0.00
Total Other Assets	**$**	**197,906.88**
TOTAL ASSETS	**$**	**773,457.31**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 Accounts Payable		2,375.00
Total Accounts Payable	**$**	**2,375.00**
Credit Cards		
2005 ZFC American Express - 31008		31,251.39
Total Credit Cards	**$**	**31,251.39**
Other Current Liabilities		
2008 Note Payable - PPP SBA Bancorp		15,600.00
2015 Accrued Interest		27,375.00
2019 Accrued Expenses		0.00
Total Other Current Liabilities	**$**	**42,975.00**
Total Current Liabilities	**$**	**76,601.39**
Long-Term Liabilities		
2020 Related Party Pble - 2013 ALGP		0.00
2030 Related Party Pble - 2016 ALGP		210,000.00

2033 Related Party Pble - 2016 Raw Return		40,000.00
2035 Related Party Pble - 2018 ALGP		100,000.00
2040 Deferred Income		276,500.00
Total Long-Term Liabilities	**$**	**626,500.00**
Total Liabilities	**$**	**703,101.39**
Equity		
3010 Paid-In Cap - ALGP, LLC		-39,473.07
3020 Paid-In Cap - Knowsomuch, LLC		-20,140.53
3030 Paid-In Cap - Raw Return, LLC		105,793.70
3040 Paid-In Cap - Let's Work, LLC		5,131.25
3050 Members' Contrib Receivable		0.00
3800 Retained Earnings		-222,386.56
Net Income		241,431.13
Total Equity	**$**	**70,355.92**
TOTAL LIABILITIES AND EQUITY	**$**	**773,457.31**

Zoom Franchise Company, LLC
Profit and Loss
January - September, 2020

		Total
Income		
4050 Sales - Initial Franchise Fees		175,000.00
4060 Sales - % Royalties Franch Fees		368,386.22
4080 Sales - Custom Marketing & Technology Programs		35,290.00
4090 Sales - Vendor Support/Co-op Marketing Income		1,500.00
Total Income	**$**	**580,176.22**
Cost of Goods Sold		
5085 COGS - Custom Programs - Website/Online Mktg		16,036.17
5095 COGS - Custom Programs - Branded Materials		21,304.11
5099 COGS - Custom Programs - Office Productivity		2,798.17
Total Cost of Goods Sold	**$**	**40,138.45**
Gross Profit	**$**	**540,037.77**
Expenses		
6005 Franchise Development Expense		
6006 FDE Assoc Fees/Tradeshows/Event		33,566.05
6008 FDE Discovery Days/Shop Visit		387.97
6014 FDE Public Relations/Giveaways		260.00
6018 FDE SEM/PPC/Internet/SEO/SMedia		8,886.28
Total 6005 Franchise Development Expense	**$**	**43,100.30**
6030 Fsee Coaching & Support Expense		
6032 FCS Artwork & Design		110.00
6035 FCS Support Events/Visits		11,425.55
6036 FCS Training		375.10
6037 FCS Wages		22,500.00
6040 FCS Shared Services		21,338.32
Total 6030 Fsee Coaching & Support Expense	**$**	**55,748.97**
6050 Corporate Wages		45,000.00
6051 Payroll Taxes		6,194.81
6053 Payroll Service Fees		119.00
6105 Accounting & Audit		29,002.09
6110 Bank & Credit Card Fees		12,713.67
6120 Computer Expense		16,149.78
6125 Depreciation & Amortization		15,273.00
6130 Dues- IFA		1,575.00
6135 Ent & Meals - Corporate		787.67
6143 Filing Fees		3,783.79
6145 Insurance - General Liability		14,476.64
6153 Interest Expense		6,705.00
6160 Legal - General Counsel		33,760.52
6180 Postage & Shipping		343.93
6185 Printing		2,145.23

6190 Promotion Expense - Gifts		1,523.85
6198 Taxes		1,980.00
6200 Telephone		180.79
6210 Travel - Corporate		8,061.29
6999 Ask My Accountant		0.00
Total Expenses	**$**	**298,625.33**
Net Operating Income	**$**	**241,412.44**
Other Income		
8005 Interest Income		18.69
Total Other Income	**$**	**18.69**
Net Other Income	**$**	**18.69**
Net Income	**$**	**241,431.13**

Zoom Franchise Company, LLC

Independent Auditors' Report and Financial Statements

Years Ended December 31, 2019 and 2018 and 2017

KPM

CPAS & ADVISORS

Independent Auditors' Report

To the Members
Zoom Franchise Company, LLC
Audubon, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Zoom Franchise Company, LLC which comprise the balance sheets as of December 31, 2019, 2018, and 2017, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Zoom Franchise Company, LLC as of December 31, 2019, 2018 and 2017, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPM CPAs, PC

March 2, 2020
Springfield, Missouri

Zoom Franchise Company, LLC

Balance Sheets

December 31, 2019, 2018 and 2017

		2019		Restated 2018		Restated 2017
ASSETS						
Current Assets:						
Cash	$	278,569	$	101,891	$	134,295
Accounts receivable		83,115		49,358		35,042
Prepaid expenses		39,544		37,479		25,144
Total current assets		401,228		188,728		194,481
Other Assets:						
Intangibles, net		156,610		169,873		8,328
Total other assets		156,610		169,873		8,328
Total assets	$	557,838	$	358,601	$	202,809
LIABILITIES AND MEMBERS' EQUITY						
Current Liabilities:						
Accounts payable	$	41,622	$	112,413	$	25,009
Accrued interest		20,670		11,730		5,490
Deferred revenue		311,500		216,917		112,125
Due to members		5,121		5,121		5,121
Total current liabilities		378,913		346,181		147,745
Notes payable - related parties		350,000		350,000		250,000
Members' Equity (deficit)		(171,075)		(337,580)		(194,936)
Total liabilities and members' equity	$	557,838	$	358,601	$	202,809

Zoom Franchise Company, LLC

Statements of Operations

Years Ended December 31, 2019, 2018 and 2017

	2019	Restated 2018	Restated 2017
Revenues:			
Franchise fees	$ 25,417	$ 12,708	$ 4,500
Franchise fees - training	20,000	47,500	30,000
Royalties	257,847	64,799	58,783
Total revenues	303,264	125,007	93,283
Expenses:			
Legal and professional fees	67,644	52,795	39,422
Insurance	17,791	17,095	13,042
Taxes and licenses	596	-	-
Advertising	141,341	154,451	166,698
Travel	13,454	23,529	12,640
Amortization	20,364	2,955	997
Interest expense	8,940	6,240	5,490
Other expenses	16,652	10,613	9,552
Total operating expenses	286,782	267,678	247,841
Income (loss) from operations	16,482	(142,671)	(154,558)
Interest income	23	27	28
Net income (loss)	$ 16,505	$ (142,644)	$ (154,530)

Zoom Franchise Company, LLC

Statements of Members' Equity

Years Ended December 31, 2019, 2018 and 2017

	Class A Members
Balances January 1, 2017	$ 1,219
Cumulative effect of change in accounting principle	(41,625)
Net loss	(154,530)
Balances December 31, 2017	(194,936)
Net loss	(142,644)
Balances December 31, 2018	(337,580)
Member Contributions	150,000
Net income	16,505
Balances December 31, 2019	$ (171,075)

Zoom Franchise Company, LLC

Statements of Cash Flows

Years Ended December 31, 2019, 2018 and 2017

	2019	Restated 2018	Restated 2017
Cash flows from operating activities:			
Net income (loss)	$ 16,505	$ (142,644)	$ (154,530)
Adjustments:			
Amortization	20,364	2,955	997
Net change in operating accounts:			
Accounts receivable	(33,757)	(14,316)	(22,921)
Prepaid expenses	(2,065)	(12,335)	13,000
Accounts payable	(70,791)	37,404	22,304
Deferred revenue	94,583	104,792	70,500
Accrued expenses	8,940	6,240	5,490
Net cash from (used) in operating activities	33,779	(17,904)	(65,160)
Cash flows used in investing activities:			
Acquisition of intangibles	(7,101)	(14,500)	(3,489)
Cash flows from financing activities:			
Loans from related party	-	-	100,000
Members' contributions	150,000	-	-
Net cash from financing activities	150,000	-	100,000
Net increase (decrease) in cash	176,678	(32,404)	31,351
Cash - beginning of year	101,891	134,295	102,944
Cash - end of year	$ 278,569	$ 101,891	$ 134,295

1. Summary of Significant Accounting Policies

Nature of business: Zoom Franchise Company, LLC (the Company) is a Pennsylvania limited liability company that was formed on July 19, 2013. The Company sells the right to operate a Zoom Sewer and Drain Cleaning franchise that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential and commercial customers through the purchase of individual franchises throughout the United States. The franchisees will be focused exclusively on drain and sewer work.

Adoption of a new accounting standard: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year using the full retrospective method.

The effects of implementing the new revenue recognition guidance was determined to require a restatement of years ended December 31, 2018 and 2017. Accordingly, an adjustment to the prior periods stockholder’s equity was deemed necessary. See note 8 for further disclosure.

Revenue Recognition: Revenue from franchising agreements with customers is recognized over the duration of the contract in conjunction with different performance obligations established in each franchise agreement. Revenue is recognized under these performance obligations as follows:

Franchise fees – A franchisee pays the Company a franchise fee for initial training services provided to the franchise location as well as for the ongoing relationship and use of intangible assets that the franchise location will have with the Company. A portion of the franchise fee is allocated to the performance of the initial training services, based on management’s estimation of the standalone market value of these services, and is recognized when these services are performed. The remainder of the franchise fee is recognized ratably over the duration of the franchise agreement which is typically ten years.

***Royalty fees**:* The franchise agreement allows the Company to collect royalties from the franchisee based on the net sales of each franchise location. This royalty is typically 4% of each month’s net sales and is recognized by the Company on a monthly basis after the royalties have been earned.

The Company records a liability for the portion of franchise fees that have been received by the Company that relate to service obligations owed to the franchisee and not yet completed by the Company.

Accounts receivable: **:** Accounts receivable are uncollateralized franchisee obligations for royalties and services due under normal trade terms. Payment terms are 30 days from the invoice date.

Accounts receivable are stated at the amount billed to the franchisee. Franchisee account balances with invoices over 30 days past the due date are considered delinquent. It is not the Company's practice to charge interest on unpaid accounts receivable that are delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the franchisee's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that are delinquent and, based on an assessment of current creditworthiness, estimates the portion - if any - of the balance that will not be collected. Management has estimated that any uncollectible accounts will be immaterial at year end.

Licensing agreement: During the period ended December 31, 2013, the Company entered into a royalty free licensing agreement with Zoom Sewer & Drain Cleaning Service, Inc. (a related party) for a term of 50 years. As part of the agreement, the Company was granted the worldwide rights to certain trademarks and intellectual property of Zoom Sewer & Drain Cleaning Service, Inc. During the year ended December 31, 2014, all branding trademarks and intellectual property related to the license agreement were assigned to the Company by Zoom Sewer & Drain Cleaning Service, Inc.

Intangibles: Trademarks are being amortized on a straight-line basis over a period of 10 years. During the period ended December 31, 2018, the Company acquired intellectual property containing operation manuals and certain know-how. Intellectual property is being amortized on a straight-line basis over a period of 10 years. In addition, the Company also redesigned it's website. Website design is being amortized on a straight-line basis over a period of 3 years. The balance sheet reflects the unamortized amount of such costs.

Members' equity: The Company has one class of members – Class A . Profits and losses are allocated in proportion to the sum of a members' capital account. Distributions, in excess of minimum tax distributions, are made to Class A members, in an amount equal to the excess, if any, of the cumulative Class A capital contributions made prior to such distribution, over the sum of all prior distributions, then to members in proportion to their respective proportionate ownership share. In January 2019, additional Class A units were issued to members in exchange for cash capital contributions of $150,000.

Advertising costs: The Company expenses advertising costs as they are incurred. The Company incurred $141,341, $154,451 and $166,698 in non-direct expense advertising costs during the years ended December 31, 2019 and 2018 and 2017, respectively. The Company incurred no direct response advertising during those years.

Income taxes: As a limited liability company, the Company's taxable income or loss is allocated to the members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the accompanying financial statements to comply with the provisions of this guidance.

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

Subsequent events: Management has evaluated subsequent events between the end of the most recent fiscal year end and March 2, 2020, the date the financial statements were available to be issued.

2. Intangibles

	December 31, 2019			December 31, 2018			December 31, 2017		
Category	Gross Amount	Accum. Amort.	Net	Gross Amount	Accum. Amort.	Net	Gross Amount	Accum. Amort.	Net
Trademarks	$ 16,026	(3,925)	12,101	$ 11,973	(2,725)	9,248	$ 9,973	(1,645)	8,328
Intellectual property	150,000	(16,875)	133,125	150,000	(1,875)	148,125	-	-	-
Website	15,550	(4,166)	11,384	12,500	-	12,500	-	-	-
Total intangible assets	$181,576	$ (24,966)	156,610	$174,473	$ (4,600)	$169,873	$ 9,973	(1,645)	8,328

Amortization in the amount of $20,364, $2,955, and $997 was charged to expense during the years ended December 31, 2019, 2018, and 2017 respectively.

Future estimated amortization expense is as follows:

2020	$ 20,761
2021	20,761
2022	20,761
2023	20,761
2024	20,761
Later years	52,805
	$ 156,610

3. Notes Payable – Related Parties

	2019	2018	2017
2.5%; A.L.G.P., LLC; (a related party); due on demand	$ 130,000	$ 130,000	$ 130,000
2.5%; Raw Return, LLC (a related party); due on demand	20,000	20,000	20,000
2.5%; A.L.G.P., LLC (a related party); due on demand	100,000	100,000	100,000
2.67%; Appleseed Business, LLC (a related party); due on demand	100,000	100,000	-
	$ 350,000	$ 350,000	$ 250,000

The note payable to Raw Return, LLC is subordinated to the A.L.G.P., LLC note payable in the amount of $130,000. The notes payable to related parties are due on demand. Long-term presentation is appropriate as demand has been waived for the next 12 months.

4. Accounts receivable

Amounts owed to the Company relating to amounts billed under franchise agreements were as follows:

	2019	2018	2017
Accounts receivable	$ 83,115	$ 49,358	$ 35,042

At January 1, 2017, the balance of accounts receivable was $12,121.

5. Deferred revenue

Franchise fees received by the Company relating to performance obligations not yet completed were as follows as of December 31:

	2019	2018	2017
Deferred revenue	$ 311,500	$ 216,917	$ 112,125

At January 1, 2017 the balance of deferred revenue was $26,625.

6. Related Party Transactions

The Company reimburses Bare Bones Biz, Inc. for travel expenses and marketing and consulting. This entity is related through common ownership. The total of these reimbursements during the years ended December 31, 2018 and 2017 amounted to:

	2018	2017
Travel expenses	$ 16,716	$ 12,640
Marketing and consulting	37,166	48,716
	$ 53,882	$ 61,356

There were no reimbursements during the year ended December 31, 2019.

The Company had accrued interest on notes payable – related parties in the amounts of $20,670, 11,730, and 5,490 at years ended December 31, 2019, 2018 and 2017, respectively. No interest has been paid in any year.

As discussed in Note 7, the Company acquired intellectual property from a related party in the amount of $150,000 in exchange for a note payable of $100,000 and a $50,000 accounts payable which was paid during year ended December 31, 2019.

7. Supplemental Schedule of Non-Cash Transactions

During the year ended December 31, 2018 the Company acquired intellectual property from a related party for $150,000 in exchange for a note payable of $100,000 and accounts payable of $50,000. The accounts payable balance was paid off during year ended December 31, 2019.

8. Commitments

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of quality control.

9. Summary of Franchise Outlets

The following is a summary of changes in the number of outlets during the year ended December 31, 2019:

	2019	2018	2017
Company-owned outlets			
In operation, beginning of year	-	-	-
New stores opened during year	-	-	-
In operation, end of year	-	-	-
Franchised outlets			
In operation, beginning of year	11 *	6 *	3 *
New franchises sold during year	4	6	3
Franchises terminated during the year	-	1	-
In operation, end of year	15 *	11 *	6 *

* Includes one unit owned by an affiliate of the Company

10. Restatement

The accompanying financial statements for December 31, 2018 and December 31, 2017 have been restated to adjust for the new revenue recognition standard addressed in note 1. The effect of the restatement as of December 31 is as follows:

For year ended December 31, 2018	As Previously Reported	Adjustments	As Adjusted
Deferred revenue	$ 25,000	$ 191,917	$ 216,917
Revenue, total	$ 299,090	$ (174,083)	$ 125,007
other expenses	$ 28,113	$ (17,500)	$ 10,613

For year ended December 31, 2017	As Previously Reported	Adjustments	As Adjusted
Deferred revenue	$ 35,000	$ 77,125	$ 112,125
Revenue, total	$ 133,970	$ (40,687)	$ 93,283

At January 1, 2017, Members' Equity was reduced in the amount of $41,625 to record the effects of implementing this standard on periods prior to 2017.

EXHIBIT F
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida
Department of Agriculture and Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

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

Maryland
Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Bldg. 1st Fl
Lansing, MI 48913
(517) 373-7117

Minnesota
Department of Commerce
Registration and Licensing
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

Nebraska
Department of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, NE 68508
(402) 471-3445

New York
NY State Attorney General
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8236 Phone

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Depart. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island
Depart. of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
(401) 222-3048

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

Texas
Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington
Securities Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin
Department of Financial Institutions Div. of Securities
345 W. Washington Ave., 4th FL
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California
Commissioner of the Dept. of Business Oversight
California Dept. of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii
Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota
Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

New York
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Director of Rhode Island
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

South Dakota
Director of South Dakota Division of Insurance
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington
Securities Administrator
Department of Fi-nancial Institutions
150 Israel Rd.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT G

RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "**General Release**") is made by the undersigned (hereinafter "**Releasor(s)")** for the benefit of Zoom Franchise Company, LLC, a Pennsylvania limited liability company (hereinafter, "**Franchisor**"), on this ____ day of __________, 20___.

RECITALS:

WHEREAS, Releasor is a ZOOM DRAIN franchisee and operates a ZOOM DRAIN franchised business (the "**Franchised Business**") pursuant to that certain franchise agreement dated ____________ (the "**Franchise Agreement**");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to __________________________ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

____

By:__________________________________
Name:_______________________________
Title:________________________________

____

____

____

EXHIBIT H

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration**:** California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	Pending Registration
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Pending Registration
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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 I

RECEIPTS
(YOUR COPY)

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

If Zoom Franchise Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Zoom Franchise Company, LLC must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, Zoom Franchise Company, LLC must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, Zoom Franchise Company, LLC must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If Zoom Franchise Company, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in **Exhibit F**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Ellen Rohr and James Criniti, Zoom Franchise Company, LLC, 915 South Trooper Road, Norristown, PA 19403, 877-629-7647; and ___________________________

Date of Issuance: October 15, 2020

See **Exhibit F** for our registered agents authorized to receive service of process.

I have received a disclosure document dated October 15, 2020, that included the following Exhibits:

A. Franchise Agreement
B. Table of Contents of Manuals
C. State Specific Addenda to FDD and Franchise Agreement
D. List of Franchisees
E. Financial Statements
F. List of State Agencies/Agents for Service of Process
G. Release
H. State Effective Dates
I. Receipts

________________	_______________________	___________________
Date	Signature	Printed Name
________________	_______________________	___________________
Date	Signature	Printed Name

RECEIPTS
(OUR COPY)

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If Zoom Franchise Company, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in **Exhibit F**.

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D. List of Franchisees
E. Financial Statements
F. List of State Agencies/Agents for Service of Process
G. Release
H. State Effective Dates
I. Receipts

_________________	_________________________	____________________
Date	Signature	Printed Name
_________________	_________________________	____________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Zoom Franchise Company, LLC, 915 South Trooper Road, Norristown, PA 19403.