

STERI-CLEAN, INC.
FRANCHISE DISCLOSURE DOCUMENT



STERI-CLEAN, INC.,
An Idaho corporation
3940 Woodside Blvd
Hailey, ID 83333
(800) 929-1498
customersupport@Steri-Clean.com
www.steri-clean.com

The franchise described is known as “Steri-Clean”® (“Steri-Clean”). Steri-Clean is involved in the business of operating specialized businesses that provide remediation services to properties affected by hoarding and/or biohazards as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal.

The total investment necessary to begin operation of a Steri-Clean Single Unit franchised business is \$85,814 to \$262,651. This includes \$41,000 to \$81,000 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 Cory Chalmers at 3940 Woodside Blvd., Hailey, ID 83333, or email at customersupport@Steri-Clean.com or telephone him at 800-929-1498.

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

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

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

The issuance date of this disclosure document is April 23, 2025

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 C. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit B includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only Steri-Clean 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 Steri-Clean franchisee? | Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider about *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Idaho. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigation with the franchisor in Idaho than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Sales Performance Required.** You must make minimum sales performance levels. Your inability to maintain these levels may results in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN
FRANCHISE INVESTMENT LAW ONLY)

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - a. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - b. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful

provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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EXHIBITS

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

To simplify the language in this disclosure document ("Disclosure Document"), the words "Franchisor," "we," "our" and "us", and "SCI" refer to Steri-Clean, Inc., the franchisor. "You" means the entity that has been granted the right to develop one or more SCI franchises. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Franchise Agreement (defined below) and other agreements as described in this Disclosure Document. If you purchase a franchise, you will sign a franchise agreement that will bind you to the obligations it contains. It is important that you read this disclosure document and the franchise agreement carefully.

The Franchisor

We are a corporation established under Idaho law on September 19, 2016. Our principal business address is 3940 Woodside Blvd., Hailey, ID 83333. We conduct business under our corporate name, Steri-Clean, Inc. We have offered franchises since January 1, 2017; however, our predecessor Steri-Clean, Inc. offered franchises from July 2014 to January 2017. Our agent for service of process is disclosed at the end of this Disclosure Document in Exhibit D.

Other than as stated above, we are not in any other business, we have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business.

Our Parents and Predecessors

We have no parent company; however, our predecessor is Steri-Clean, Inc., a California corporation. Our predecessor was incorporated in California on July 26, 2011. In January 2017, we merged our California corporation together with our Idaho corporation of the same name which resulted in termination of our California based predecessor. The principal business address for our predecessor was 9785 Crescent Center Drive, Suite 302, Rancho Cucamonga, CA 91730. Our predecessor offered franchises from July 2014 to December 31, 2016.

Our Affiliates

We do not have any affiliates that provide products or services to franchisees or offers franchises in this or any other line of business.

The Franchisor's Business Operations

We offer and grant qualified candidates the right to develop and operate businesses that clean property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; odor removal and tear gas cleanup/removal. All System Businesses use our uniform and proprietary operating system and are identified by the Steri-Clean trade name and service mark, and other trade names, service marks, trademarks, logos and commercial symbols that we may designate from time to time.

General Description of the Franchise

The franchise described is known as “Steri-Clean” (“Steri-Clean”). We franchise businesses which provide remediation services to properties affected by hoarding and/or biohazards as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal. You will develop and operate one business with the non-exclusive right to use our marks and our system, including operational guidelines, opening guidelines, our specifications for design, our initial and ongoing training programs, and marketing and promotional assistance. Our standards, guidelines, and specifications are outlined in our confidential manual (the “Manual”), which may be updated from time to time at our sole discretion. You will own the underlying assets of the business; those assets will be operated by you, as our franchisee, under a franchise agreement from us.

You may enter into an SCI Franchise Agreement that lays out your rights and obligations in the operation of each System Business (the “Franchise Agreement”). A copy of our current Franchise Agreement is attached as Exhibit A. If you enter in to a Franchise Agreement, as a franchisee, you will be required to develop, establish and operate a Steri-Clean franchise in accordance with the requirements of our System. Your rights under the Franchise Agreement will be limited to the establishment and operation of one Steri-Clean franchise, providing only our approved services and products in conformity with our System and within your designated Territory. Each Franchise Agreement will be between you and us, and each of your owners will guarantee your obligations to us.

Competition

The remediation industry is a specialized industry and is growing. Each Steri-Clean System Business will compete with other local companies that are qualified under applicable law to offer some or all of the services we provide to law enforcement agencies, insurance companies, members of the hospitality industry, and real estate managers, among others, as well as members of the general public and the business community. Sales are not seasonal; however, in our experience, sales are higher during the spring, summer and fall months.

Regulations

There are federal, state and local laws, regulations and ordinances applicable to the operation and management of a Steri-Clean System Business. You will also be subject to federal and state occupational safety and health laws and regulations that protect employees and the public against blood-borne and air-borne pathogens and other dangerous conditions encountered when working with and disposing of biohazards, such as human or animal waste, tissue and body fluids, pests, mold and other biological contaminants. You should consider these and other applicable laws and regulations when evaluating your purchase of a franchise. Under the Franchise Agreement, you are solely responsible for understanding and complying with all applicable federal, state, and local laws, regulations, and ordinances as they pertain to the operation of the Steri-Clean franchise, including but not limited to obtaining and maintaining all required licenses, permits, and certifications. Your failure to comply with any applicable laws shall constitute a material breach of the Franchise Agreement. We advise that you consult with an attorney to ensure compliance with all relevant laws.

ITEM 2 - BUSINESS EXPERIENCE

Cory Chalmers, President, Secretary, Chief Financial Officer and Director

Cory Chalmers has been our President, Secretary, Chief Financial Officer and the sole member of our Board of Directors since our inception. From June 1995 to October 2023, he was the Chief Executive Officer and Managing Member of Crime Scene Steri-Clean, LLC in Rancho Cucamonga, CA.

Kelley Collins, VP of Franchise Operations and Development

Kelley Collins has been our Vice President of Franchise Operations and Development since August 2022. From May 2016 to August 2022, he held the position of Chief Operations Officer with Crime Scene Steri-Clean, LLC, in Rancho Cucamonga, CA.

Jaime Frisbie, Chief Administrative Officer

Jaime Frisbie has been our Chief Administrative Officer since January 2024 and served as our Director of Finance and HR from January 2015 to January 2024. From June 2012 to October 2023, she held the positions of Receptionist (June 2012-December 2012); Administrative Assistant (December 2012-February 2014); Office Manager (February 2014-January 2015); and Director of Finance and HR (January 2015-October 2023) with Crime Scene Steri-Clean, LLC in Rancho Cucamonga, CA.

Stephanie Jurado, Chief Financial Officer

Stephanie Jurado has been our Chief Financial Officer and internal accountant since 2014. From January 2014 to December 2023, she served as the internal accountant for Crime Scene Steri-Clean, LLC in Rancho Cucamonga, CA. Since September 2006, she has also been the owner of Stephanie Jurado, CPA Rancho Cucamonga, CA.

ITEM 3 - LITIGATION

Pending Actions

Site Remediation Services LLP vs. Steri-Clean, Inc. (AAA Case No. 01-23-0003-8667). On August 31, 2023, Site Remediation Services LLP (“SRS”), our former franchisee in Houston, Texas, filed a demand for arbitration with the American Arbitration Association. SRS terminated its franchise agreement with us alleging that we breached the franchise agreement. SRS is seeking money damages. We have also asserted claims against SRS for unlawful termination and breach of the franchise agreement. We are seeking money damages and a declaration that the franchise agreements’ post-termination obligations are valid and enforceable. As of the issuance date of this Disclosure Document, an arbitration hearing is scheduled for fall 2024.

Prior Actions

Steri-Clean, Inc. v. Dimattina Holdings, LLC; Thomas R. Dimattina and Thomas B. Dimattina, Circuit Court of Broward County, Florida, Case No. CACE17022285. On March 17, 2023 a Post-Judgment Settlement Agreement was entered into between us and Dimattina Holdings, LLC; Thomas R. Dimattina and Thomas B. Dimattina (collectively, “Dimattina”) and Tina Moody (“Moody”). In the Post-Judgment Settlement Agreement, Dimattina and Moody agreed to pay us \$190,000.00 in full and complete satisfaction of a final judgment entered against Dimattina and Moody in our favor.

Rodney Etheridge v. Cory A. Chalmers and Steri-Clean, Inc., Superior Court of Alamance County, North Carolina, Case No. 18-CVS-1472. On August 13, 2018, Rodney Etheridge, filed suit against Steri-Clean, Inc. and Cory Chalmers in Alamance County, North Carolina; the case was subsequently transferred to the North Carolina Business Court. Mr. Etheridge, a former franchisee of Steri-Clean asserts various claims, including breach of contract, wrongful termination, fraud, conversion, conspiracy, unfair trade practices and interference with contract based on the installation of a new Steri-Clean franchisee in the territory in which Mr. Etheridge's franchise rights had been terminated for cause. Mr. Etheridge requested an award of damages, a declaration that Steri-Clean did not have the right to sell Mr. Etheridge's franchise rights, treble damages, and an award of costs and reasonable attorneys' fees. Steri-Clean vigorously defended the case. On March 19, 2019, the parties mutually agreed to settle the matter. In exchange for Mr. Etheridge's unconditional general release, Steri-Clean agreed to pay Mr. Etheridge \$50,000. In addition, Steri-Clean agreed to pay the mediator's fee in full.

Dimattina Holdings, LLC v. Steri-Clean, Inc., and Cory Chalmers., Circuit Court of Broward County, Florida, Case No. CACE 16-007602. On April 26, 2016, Dimattina Holdings, LLC, a former franchisee of Steri-Clean, Inc. initiated a lawsuit against us and our President, Cory Chalmers for fraudulent inducement, deceptive and unfair business practices, and breach of contract. On July 18, 2016, the Court granted our Motion to Compel arbitration and our Motion to Stay pending arbitration. The Court further directed to administratively close the case.

Steri-Clean, Inc. v Dimattina, et al., Arbitration, San Bernardino County, CA, Case No 01-16-0004-7710. On October 31, 2016, we filed a demand for arbitration against Dimattina Holdings, LLC, a former franchisee of Steri-Clean, Inc., Thomas R. Dimattina, a former co-owner of the franchised company, and Thomas B. Dimattina, a former co-owner of the franchised company, seeking damages, interest, attorney's fees and costs in response to the Court's order in Dimattina Holdings, LLC v. Steri-Clean, Inc., and Cory Chalmers. On October 24, 2017, the Arbitrator ordered the Respondents pay \$157,454.75 in total damages, \$38,149.51 by Thomas R. Dimattina and Thomas B. Dimattina only for attorney's fees, \$11,148.50 by Thomas R. Dimattina and Thomas B. Dimattina only for our arbitration fees and expenses, and interest on the amount of \$157,454.75 at the rate of 1% per month (12% per annum) until paid.

Except for the actions described above, no litigation is required to be disclosed in this Item.

ITEM 4 - BANKRUPTCY

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

ITEM 5 - INITIAL FEES

Initial Franchise Fee

Upon execution of the Franchise Agreement, you shall pay us the Initial Franchise Fee in full. The amount of the initial franchise fee will depend upon the total population of your chosen territory as follows:

| Population | Initial Franchise Fee |
|-----------------------|------------------------------|
| Up to 1,249,999 | \$40,000 |
| 1,250,000 – 1,499,999 | \$50,000 |
| 1,500,000 – 1,749,999 | \$60,000 |
| 1,750,000 – 1,999,999 | \$70,000 |
| 2,000,000 – 2,249,999 | \$80,000 |

Except as otherwise required by applicable state law, you shall pay us the entire Initial Franchise Fee upon execution of the Franchise Agreement.

Proprietary Software Activation

In addition to the Franchise Fee, you must pay a non-refundable Proprietary Software Activation Fee of \$1,000 if this is your first franchise with us ("Proprietary Software Activation Fee") for CleanNet, our web-based customized contact management and scheduling application. If you own multiple Steri-Clean franchises or territories, you will only be required to pay a Proprietary Software Activation Fee for CleanNet once for all franchises and/or territories.

All fees are nonrefundable under any circumstances, are remitted to us, and are deemed fully earned upon receipt. No refunds will be provided even if the Franchise Agreement is terminated for any reason.

ITEM 6 - OTHER FEES

OTHER FEES¹

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---------------------------------|--|------------------|--|
| Royalty | The greater of: (a) 8% of Gross Revenue if your weekly sales do not exceed \$8,000, 7% if your weekly sales are between \$8,001 and \$12,000, and 6% if your weekly sales exceed \$12,001, or (b) a weekly minimum royalty of \$200 | Weekly by ACH. | See Note 2 and 3 |
| National Marketing Contribution | 3% of Gross Revenue or \$100, whichever is more | Same as Royalty. | See Note 2 |
| Local Advertising | Minimum of 2% of monthly Gross Revenue | As incurred. | You must provide us with a monthly accounting of these expenditures which must meet our standards and specifications and will be subject to our approval. |
| Technology Fee | Our then current fee, currently \$100, plus \$30 per phone in your office. | Same as Royalty | The technology fee is paid to us to maintain your separate website or sub-pages on our web sites, maintain our toll-free promotional telephone numbers, pay for centralized telephone service and support, and compensate us for use |

| | | | |
|---|---|---|--|
| | | | of our web-based customized contact management and scheduling application. |
| Cost of Audit | Actual expenses we incur for the audit | Upon invoice | Payable only if we undertake the audit because you do not submit timely reports or if the audit discloses a discrepancy of 3% or more |
| Expenses of Training a Replacement Designated Owner | Our trainer's cost of travel, wages, lodging, meals and incidental expenses and a daily per diem of \$100 per trainer sent for traveling to your location to administer training. | Upon invoice | If you need to train your replacement Designated Owner. |
| Fee for Continuing Education | Our then-current fee in light of the trainer's skill and experience and the length and location of the training program. You pay your own expenses. | Before Training | Continuing education programs are optional |
| Renewal Fee | 20% of the then-current initial franchise fee | When you sign the renewal franchise agreement | If you choose to and are approved to continue operating for a renewal term you must sign our then current form of renewal franchise agreement. |
| Transfer Fee | \$5,000 | At the time of transfer | Payable if you propose to sell or transfer your business or a partial ownership interest. However, we will not assess the Transfer Fee if you transfer your ownership interests to an entity that is wholly owned and controlled by you. |
| Annual Meeting Registration Fee | \$750 per attendee | One month before meeting | You will be responsible for your travel, lodging and meals |
| Annual Meeting Non-Attendance Fee | \$2,000 per person | Upon demand | If you, your Designated Principals |

| | | | |
|---|--|---|---|
| | | | or managers do not attend an annual meeting without our written consent, you shall pay to us a fee of \$2,000 per person required to attend such annual meeting(s) with no refund of the Annual Meeting Registration Fee(s) if such fee(s) has been paid to us. |
| Late Report Fee | \$50 | Upon invoice | Payable if you fail to submit any report due to us under the Franchise Agreement at the time due. |
| Altered Report Review Fee | \$50 | Upon invoice | Payable if you alter or modify any report after submission to us. |
| Declined Payment Charge | \$35 or our actual expenses | Upon invoice | Payable if credit card payment or check is declined by the bank. Compensates us for charges imposed by the bank. |
| Administrative Processing Fee | \$50 for each late payment or required report | Upon invoice | Compensates us for our cost of processing late payments or reports |
| Interest on Late Payments | 1.5% per month or at the highest rate allowed by applicable law on the date when payment is due, whichever is less | Upon invoice | Compensates us for loss of use of funds. If any payments are more than 5 days late, you must pay us an additional \$50 for our administrative expenses plus any costs incurred by us. |
| Indemnification/ Attorney Fees and Costs/ Damages | All losses and expenses incurred | Upon being incurred by us | See Note 5 |
| Alternative Supplier Approval Fee | Our actual costs to review such supplier | 30 days following the date of the invoice | Payable if you seek approval from us of a new supplier. |

1 Except as otherwise noted, all amounts are nonrefundable and are uniformly imposed by and payable to us.

2 "Gross Revenue" means the aggregate of all revenue, income, and fees Franchisee receives from any source in connection with the Franchised Business, whether received in cash, credit, services, property,

or other means of exchange, including but not limited to: (1) all revenue from services performed and products sold; (2) enrollment fees; (3) service charges; (4) business interruption insurance proceeds; and (5) revenue from any other source related to the Franchised Business, whether or not in compliance with the Franchise Agreement. Gross Revenue excludes only: (a) bona fide refunds to customers, provided the original transaction was included in Gross Revenue; (b) sales taxes and other taxes collected from customers and remitted to taxing authorities; and (c) documented manufacturer or supplier rebates.

3 Unless otherwise restricted by applicable banking laws and regulations, we will establish a direct debit program with your bank to allow for the ACH draft of the weekly Royalty. You will be required to execute any necessary documents authorizing the ACH draft. We will automatically debit your bank account on Friday of each week for the previous week's Royalties and other fees due to us. For all fees to be remitted on a national holiday, fees will be due the following business day.

4 You will be required to remit a nonrefundable renewal fee upon the expiration of the initial term of the Franchise Agreement if you are eligible and elect to renew the Franchise Agreement.

5 You must indemnify, defend, and hold harmless us and our affiliates, officers, directors, employees, and agents from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement that arises out of or is based upon any of the items listed in the sections of the Franchise Agreement entitled "Indemnification." You must also pay for our legal expenses (fees and actual costs) incurred in any matter related to your Franchised Business and for any damages, costs, and expenses that we incur enforcing any of the provisions of the Franchise Agreement or as a result of your failure to pay amounts when due.

ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT¹

| EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---------------------|--------------------------|---------------------------------------|--------------------------------------|
| Initial Franchise Fee ² | \$40,000 - \$80,000 | Lump Sum | Upon execution of Franchise Agreement | Us |
| Office/ Warehouse (Deposit and Rent until opening) ³ | \$4,000 - \$7,000 | As arranged | At lease signing | Landlord |
| Utility Deposits | \$150 - \$850 | As arranged | Before opening | Utilities |
| Office Furniture and Equipment ⁴ | \$515 - \$3,000 | As incurred | Before opening | Suppliers |
| Computer Equipment and Software ⁵ | \$2,585 - \$4,650 | Varies | As arranged | Suppliers, Us |
| Equipment – Warehouse/ Field ⁶ | \$4,306 - \$8,534 | As incurred | As incurred | Suppliers |
| Equipment – Hoarding ⁷ | \$321 - \$747 | As incurred | As incurred | Suppliers |
| Tools ⁸ | \$191 - \$756 | Varies | Varies | Suppliers |
| Work Vehicles ⁹ | \$7,066 - \$65,000 | As arranged | Before opening | Suppliers and/or Lenders |
| Supplies – Field ¹⁰ | \$4,943 - \$7,066 | As incurred | Before opening | Suppliers |
| Office supplies | \$437 - \$1,748 | As incurred | Before opening | Suppliers |

| | | | | |
|--|-----------------------------|-------------|----------------|---|
| Permits and Licenses ¹¹ | \$50 - \$250 | As incurred | Before opening | Government agencies |
| Insurance and Bonds ¹² | \$750 - \$3,050 | As arranged | Before opening | Broker and insurer |
| Start-Up Marketing and Promotion ¹³ | \$9,000 - \$11,000 | Varies | Varies | Advertising agencies, media, classified telephone directories |
| Organizational Expenses ¹⁴ | \$1,500 - \$4,000 | Varies | As arranged | Attorney and accountant |
| Additional Funds (before start date and 1 st 90 days) ¹⁵ | \$10,000 - \$65,000 | Varies | Varies | Hotels, carriers, restaurants, landlord, employees, suppliers, advertising agencies, media, various |
| TOTAL¹⁶ | \$85,814 - \$262,651 | | | |

NOTES TO ITEM 7.

1. This table shows estimated start-up expenses for a start-up business that has not previously offered any type of bio-recovery services. If you are currently operating a business that offers some of the services that System Businesses will offer, your initial expenses will be much lower and can be estimated by subtracting the cost of goods and services you have already purchased. We can provide prices on specific items included in our estimates to assist you with this. Except for the "Additional Funds" category shown above, the table shows estimated expenses until your Franchised Business begins to operate under the Franchise Agreement. None of these amounts is refundable under any circumstances, except for: (1) insurance premiums, which may be partially refundable according to the insurer's policies; and (2) security deposits, which may be refundable subject to the terms of the applicable lease or agreement. We do not offer financing for any of the expenses described in this Item.
2. Initial Franchise Fee. The amount of the initial franchise fee will depend upon the total population of your chosen territory as follows:

| Population | Initial Franchise Fee |
|-----------------------|------------------------------|
| Up to 1,249,999 | \$40,000 |
| 1,250,000 – 1,499,999 | \$50,000 |
| 1,500,000 – 1,749,999 | \$60,000 |
| 1,750,000 – 1,999,999 | \$70,000 |
| 2,000,000 – 2,249,999 | \$80,000 |

3. Office/ Warehouse. These figures are based on the assumption that the premises will be rented and that the lessor will require an initial payment of one month's rent and a security deposit of one month's rent. The premises will probably be located in a light industrial park. The size will probably be around 1,500 square feet at startup. You will need more space as your business grows.
4. Office Furniture and Equipment. The estimate for this category includes two desks, two filing cabinets and purchase of voice over IP (VOIP) telephones for your office.
5. Computer Equipment and Software. You will need QuickBooks Online (not desktop version), Office Calendar and Microsoft Office software, our then-current estimating software (currently Xactimate), and a computer that will run these applications. You must complete Xactimate's required training

program and pay any associated training fees directly to Xactimate. You should also have a multi-function printer/copier/fax machine and high-speed Internet access. This category also includes a one-time activation fee of \$1,000 for CleanNet, our web-based customized contact management and scheduling application that is due upon signing the franchise agreement; however, will be waived for each subsequent or additional franchise agreement that is signed or territory that is purchased.

6. Equipment – Warehouse/ Field. Upon the commencement of your operations, both in the warehouse and at crime and trauma scene clean-up sites, you will need to procure the following equipment: 2 ozone generators, fogger, 2 shop vacs, industrial fan, 2 circular and 2 reciprocating saws, 2 power drills, portable lighting, an appliance hand truck, a hand truck, 2 ladders, 2 utility ladders, extension cords, 2 flashlights, 2 pry bars/wrecking bars, along with several replacement parts and supplies for your equipment.
7. Equipment – Hoarding. We estimate the additional cost to begin hoarding clean-up by assuming 3 trash cans, 2 square shovels, 2 bow rakes, 2 leaf rakes, a dust pan, a floor scraper, a push broom and a broom.
8. Tools. Our estimate of the cost of tools you will need at start-up included a screwdriver set, ratchet set, 2 hammers, 2 mallets, 2 sledge hammers, a pair of bolt cutters and a wrench set.
9. Work Vehicles. You should have a box van and an express van at start-up. The low figure assumes that you will lease these vehicles on 5-year equipment leases and that you will pay the lessors \$7,066 in down payments and one monthly payment on each vehicle, totaling \$1,066, before you begin operation. The high figure assumes that you will pay cash for both vans. The cost of the vans will be substantially lower if you decide to buy used vehicles.
10. Supplies – Field. Field supplies included in our estimate are such items as various medical/industrial disinfectants, tear gas and odor neutralizers, pesticides, biohazard disposal supplies, personal protective equipment, Shop Vac HEPA filters, mufflers and bags, respirators, paint primer, disposable cleaning equipment and rags.
11. Permits and Licenses. This category includes your local business license, fictitious business name registration, and regulated waste disposal permits.
12. Insurance and Bonds. General and auto liability insurance are included in our estimate of pre-operation insurance expenses.
13. Start-Up Marketing and Promotion. Classified telephone directory listings, distribution of a press release, local trade media advertising and other promotion to possible sources of referrals are included in this category.
14. Organizational Expenses. This figure includes fees for an attorney's review of this disclosure document, the franchise agreement, and your lease and an accountant's assistance in setting up your QuickBooks accounting software using our chart of accounts.
15. Additional Funds. This category includes estimated employee wages, training expenses, vehicle fuel and maintenance, warehouse rent and utilities, insurance premiums, promotion expenses, and other miscellaneous expenses you will incur before opening and during the first 90 days of operations. We relied on our management's experience in operating our affiliate in developing these figures. You should review them carefully in light of local conditions and the current economic outlook, consulting a business advisor.
16. Total Estimated Initial Investment. We based these estimates on our affiliates' and franchisees' experience. The actual amount of your investment will vary based on location, real estate costs, local economy, location size, available real estate financing or investor capital and many other factors. These totals do not include the cost of purchasing real estate for the business. Except as described in Note 1 or as negotiated with a third-party vendor, all amounts are nonrefundable.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Source

You must replenish your marketing materials through us or our designated supplier. We are the only approved supplier for the CleanNet contact management and scheduling application.

In addition to proprietary items, you must purchase or lease certain products or services required for your Franchised Business from suppliers and distributors designated and approved by us. We will provide a written list of approved suppliers for services, furniture, fixtures, leasehold improvements, signs, computer hardware, computer software, and computer services. We will notify you of any additions to or deletions from this list and will provide you with written standards and specifications for your Franchised Business, your equipment, supplies, inventory and tools, the computer, and insurance. We reserve the right, in our sole discretion, to designate and require you to use a single supplier for any services, products, equipment, supplies, or materials.

We reserve the right to require you to purchase additional items from designated sources in the future. We will communicate these requirements through updates in the Manual. We and our affiliates are currently not the only approved supplier of any required products or services. None of our officers own any interest in any of our approved or designated suppliers.

Purchases by Specification

To ensure that our standards and specifications of quality and service are maintained, and that, at all times, your Steri-Clean Franchised Business maintains a uniform and professional appearance, you must operate your Steri-Clean Franchised Business in strict conformity with the methods, standards, specifications and sources of supply that we designate and prescribe in our Manual. This requirement applies to equipment, supplies, signage, uniforms, the interior décor, advertising and marketing materials and services, inventory and other items.

Specifications may include minimum standards for quality, quantity, performance, design, appearance, durability, style, warranties, price range and other related specifications. We consider these specifications to be of critical importance to the success of the system. The Manual sets forth these specifications and we will make available to you a list of approved suppliers.

Product Approval Process

If you want to purchase or lease any supplies, materials, tools, products or services not previously approved in writing by us as acceptable or from a supplier not approved by us, you can request our approval in writing, at your sole expense. You may need to submit, among other things, sufficient samples, specifications, photographs, drawings and other related information in order for us to determine whether the items meet our specifications and certain information about this proposed supplier. We may charge you or the supplier a fee to cover our costs to test its product for approval.

When considering and evaluating the approval of a particular supplier, among other things, we apply the following general criteria: ability to produce the products, services, supplies or equipment to meet both our standards and specifications for quality and uniformity and the customers' expectations; production and delivery capabilities and ability to meet supply commitments; financial stability; and the negotiation of a mutually satisfactory approved vendor or supplier agreement, copyright assignment and confidentiality agreement in a form satisfactory to us.

We will advise you within a reasonable time (in no event longer than 30 days after receipt of all applicable information required for approval) whether the proposed items and supplier(s) meet our specifications. Our approval or disapproval will be based on our evaluation of the items and supplier(s) against our standards and specifications, and will not be unreasonably withheld. The approval time may vary if we determine, in our independent judgment, that additional testing is needed. We will notify you in writing of our approval or disapproval and of revocation of approved suppliers. If you do not receive notice of our approval within 30 days after receipt of all applicable information then the item and/or supplier shall be deemed denied. Suppliers must maintain our standards in accordance with written specifications and any modifications. If a supplier deviates from our specifications, we may terminate the supplier's status as an approved supplier.

Vendor Purchase Arrangements

We negotiate purchase arrangements with manufacturers and suppliers (including pricing terms) for the benefit of Steri-Clean franchisees, with manufacturers and suppliers of certain products, including pricing terms. We may modify our purchase arrangements with suppliers at any time, and enter into or terminate any purchase arrangements at any time. You may in the future be required to purchase items at a price or on other terms we have negotiated in advance.

We currently do not have contractual arrangements with designated suppliers.

Insurance

You must procure and maintain at least a comprehensive public liability insurance covering all Service assets, personnel, and activities on an occurrence basis with a combined single limit of not less than \$1,000,000. We may increase the minimum coverage requirement annually, and such changes will be communicated to you in writing. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in your Service premises, including furniture, fixtures, and equipment, and (2) business interruption insurance in an amount sufficient to cover the rent of your Service premises, salary, or wages of key personnel, and other fixed expenses. Each of these insurance policies must contain a provision that the policy cannot be canceled or amended without thirty (30) days' written notice to us. It must be issued by an insurance company with a rating of at least "AXII" by A.M. Best & Co., designate us as an additional named insured, and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us as soon as the policy is issued, modified, or renewed in any manner we specify in the Manual. In addition, you must maintain any other types of insurance required by applicable law.

You must provide proof of insurance before opening for business and annually thereafter. All insurance must be procured prior to attending initial training or before the commencement of business in transfer situations.

All insurance policies, except any Workers Compensation and Commercial Property Liability policies, must contain, or be endorsed to contain, a provision naming Franchisor and our related entities as an additional insured. Specifically, with respect to liability arising from your premises, operations, products, and completed operations, the General Liability policy should include an additional insured – grantor of franchise endorsement.

Insurance coverage requirements are more specifically set forth in the Manual and are subject to change from time to time.

Other Notes on Sources of Products and Services

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits ("Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). Currently, no designated supplier makes payments to us or our affiliate based upon franchisee purchases.

In the fiscal year ended December 31, 2024, we received \$0 in revenue, rebates or other material consideration as a result of franchisee purchases. In the fiscal year ended December 31, 2024, our affiliate(s) received \$0 in revenue, rebates or other material consideration as a result of franchisee purchases.

We estimate that your purchases from our approved suppliers will represent approximately 10% of your total purchases in establishing your Steri-Clean Franchised Business and approximately 10% of your ongoing operating purchases.

We maintain the exclusive right to designate approved vendors and suppliers for mandatory and ongoing purchases of proprietary products. No alternative suppliers may be used, regardless of their ability to produce similar products, in order to maintain system-wide quality control and brand consistency.

We do not provide any material benefits to a franchisee based on franchisee's purchase or use of particular products or services.

Currently, there are no distribution or purchasing cooperatives.

Except as described in this Item 8, there are no other requirements for you to purchase or lease in accordance with specifications or from approved suppliers.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

This table lists Your principal obligations under the Franchise Agreement 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.

FRANCHISEE'S OBLIGATIONS

| Obligation | Section in the Franchise Agreement | ITEM in the Disclosure Document |
|--|--|--|
| a. Site selection and acquisition/lease | I.B, V.B, Att. A | Items 5 and 11 |
| b. Pre-opening purchases/leases | V.C, V.O, V.S | Items 5, 6, 7, 8, and 11 |
| c. Site development and other pre-opening requirements | V.C, V.D | Items 7 and 11 |
| d. Initial and ongoing training | V.E, V.G | Item 11 |
| e. Opening | V.C, V.D, X.D | Item 11 |
| f. Fees | IV, X | Items 5, 6, and 11 |
| g. Compliance with standards and policies/Operating Manual | V, VII | Item 11, Exhibit F |
| h. Trademarks and proprietary information | V.Q, V.R, VI, VII, VIII, Att. D-1, Att E-1 | Items 13 and 14 |
| i. Restrictions on products/services offered | V | Item 16 |
| j. Warranty and customer service requirements | V.T | Item 11 |
| k. Territorial development and sales quotas | V.I | Item 12 |
| l. Ongoing product/service purchases | V.N, V.O, V.S | Items 7, 8, and 11 |
| m. Maintenance, appearance and remodeling requirements | II.B, V, XVI | Items 7 and 8 |
| n. Insurance | XI | Items 7 and 8 |
| o. Advertising | V.C, X | Items 6, 7, and 11 |
| p. Indemnification | XVIII.B | Item 6 |
| q. Owner's participation/ management/ staffing | V.F | Item 15 |
| r. Records and reports | IX | Item 6 |
| s. Inspections and audits | V.P, IX | Item 6 |

| | | |
|---------------------------------|--------------|---------------------|
| t. Transfer | XII | Items 6 and 17 |
| u. Renewal | II.B | Items 6, 11, and 17 |
| v. Post-termination obligations | XIV | Item 17 |
| w. Non-competition covenants | XV, Att. D-1 | Item 17 |
| x. Dispute resolution | XXV, XXVI | Item 17 |

ITEM 10 - FINANCING

We do not offer you any direct or indirect financing options, nor do we guarantee your lease or other obligations.

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

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

Assistance Before Opening

Before you open your Franchised Business, we will:

1. **Grant of Franchise.** Grant you the right to operate a Steri-Clean Franchised Business. (Franchise Agreement, Section I.A)
2. **Operations Manual.** Provide you access to the confidential Manual. The Manual is confidential and remains our property because it is our intellectual property. We may modify the Manual from time to time. We will notify you of any significant modifications and provide you with updated copies as necessary. These modifications will not alter your status, rights, and obligations under the Franchise Agreement. Before signing the Franchise Agreement, we give you the opportunity to review our Manual in the presence of our representative at a mutually convenient time and place. (Franchise Agreement, Section III.A.1.)
3. **Site Approval.** You are exclusively responsible for selecting a location for your Steri-Clean Franchised Business warehouse. However, we must review your site information and confirm the acceptability of your site subject to our minimum standards and specifications. We will endeavor to approve your site within 10 days of our receipt of your request, provided all required information has been submitted with the request. If you do not obtain our approval of a location by the Start Date (60 days after signing the franchise agreement or when you open, whichever is earlier), we may terminate the Franchise Agreement. Factors considered in selection and confirmation of a site include (a) your warehouse location must be within your Territory and (b) throughout the term of this agreement, your location and the area where it is located must provide a clean, safe environment for your employees and must be consistent with the Steri-Clean image. (Franchise Agreement, Section III.A.2. and V.B)
4. **Lease Review.** We generally do not own or lease the premises. We will review your lease agreement for the site to confirm to our minimum terms for inclusion in the lease are satisfied. (Franchise Agreement, Section III.A.3)
5. **Specifications and Approved Suppliers.** Provide you with written specifications for the operation and management of the business, primarily through the Manual, including lists of approved/required items of equipment and inventory and designated or approved suppliers of such items. We do not provide, deliver or install such items. We do not provide any assistance with conforming the premises to local ordinances and building codes or in obtaining any required permits and/or constructing, remodeling, or decorating the premises and/or hiring and training employees. (Franchise Agreement, Section III.A.4.)

6. Initial Training. Prior to opening your Steri-Clean Franchised Business, we will provide initial training (which must be successfully completed) for you and your management. More details about initial training appear later in this Item 11. You are solely responsible for your travel and lodging expenses for training. (Franchise Agreement, Section III.A.6.)
7. Start-up Package. We will provide you with a start-up package of marketing materials, including brochures, business cards, and a trade show display at no additional charge. This trade show display will be provided only if you are signing your first Franchise Agreement with us or if you are opening a second office under the Franchise Agreement. (Franchise Agreement, Section III.B.3)

Assistance After Opening

After the opening of your Franchised Business, we will:

1. New Developments. Provide you with information on new developments, techniques and improvements related to the system and to operations. (Franchise Agreement, Section III.B.1)
2. Web-Based Marketing Support. Maintain one or more promotional web sites that will list only your Steri-Clean Franchised Business in your Territory. We maintain toll-free promotional telephone numbers exclusively for use in collecting business leads. We will direct any leads we receive for your Territory to you. (Franchise Agreement, Section III.B.10 and X.E)
3. Telephone Call Center. Maintain a central telephone call center for all Franchised Businesses. (Franchise Agreement, Section III.B.10)
4. National Marketing Fund. Administer the national marketing fund. (Franchise Agreement, Section X.B)
5. Manual Supplements. Provide periodic updates, revisions and amendments to the Manual. (Franchise Agreement, Section III.B.4)
6. Ongoing Training. Coordinate and conduct periodic training programs for franchisees as we deem necessary. Additionally, upon written request by you, during the first 6 months of the franchise term, we will give you up to 5 days of on-site assistance to coach you on employee recruitment and training and to help you resolve operations problems. If we provide on-site assistance during the first 6 months of the franchise term, you must reimburse us for our reasonable expenses which include travel, living and a daily per diem of \$100 per trainer sent. (Franchise Agreement, Section III.B.5)
7. Suggested Pricing. Suggest pricing based on affiliate and franchisee feedback for various services that you may provide to clients. (Franchise Agreement, Section V.V)
8. Consultation. Use our best-efforts to make our personnel available to you for toll-free telephone, fax, email or on-line consultation on all aspects of your business in a timely manner for no additional charge. During the first six months of the franchise term, we will give you up to five days of on-site assistance, at our sole discretion, to coach you on employee recruitment and training and to help you resolve operations problems, if needed, without additional charge. After that, we will use our best efforts to provide on-site consultation to you in a timely manner. You must reimburse us for our direct costs in providing on-site assistance. (Franchise Agreement, Section III.B.5)
9. Site Evaluations. Conduct, on a periodic basis, as we deem necessary, evaluations of your franchise and its operations and of the methods and staff employed to ensure continual compliance with the system, procedures and standards. (Franchise Agreement, Section III.B.6)
10. Annual Meetings. Coordinate meetings of all franchisees under the system. (Franchise Agreement, Section V.G)
11. Vendor Negotiations. Negotiate and administer, in our discretion, vendor purchasing and related programs. (Franchise Agreement, Section III.B.9)
12. Review of Advertising Materials. Review and approve all promotional and marketing programs, plans and materials, provided they are consistent with our marketing strategies and the requirements specified in the Manual or otherwise by us. (Franchise Agreement, Section III.B.11)

Site Selection

The site must be a warehouse and must be selected from within the designated site selection area described in the Franchise Agreement. After execution of the Franchise Agreement, you must first complete and return to us our form site selection application which requires certain written information regarding your potential site, a location map of your site, a preliminary site layout drawing and a copy of an executed contingent contract, option or other commitment for the acquisition of the site. We may, in our discretion, visit the site as a part of the confirmation process. If your proposed site is approved and provided all of the required information is submitted to us in a complete and timely manner, we will utilize reasonable efforts to provide a preliminary confirmation notice of the proposed site within 30 days. After the preliminary confirmation and the performance of your due diligence on the proposed site, we will provide confirmation of your proposed site by execution of the Site Selection Addendum (Attachment A to the Franchise Agreement). The criteria that we evaluate in the site confirmation process includes population, local competition, accessibility, and other demographics.

If you are unable to locate a confirmed site as evidenced by our execution of the Site Selection Addendum within 30 days of the date of the Franchise Agreement, we may terminate the Franchise Agreement and retain all of the initial franchise fee.

Opening

The typical length of time between the completion of training and the opening of the Franchised Business is 2 months or less. This time estimate may vary depending on the timing of the confirmation of your site, on the extent of lease negotiations, on any delays in obtaining governmental approvals, on factors affecting the completion of construction, etc. Failure to open within 60 days from the signing of the Franchise Agreement is cause for termination of the Franchise Agreement.

Advertising

National Marketing Fund

We have established a national marketing fund that we will control and administer. As disclosed in Item 6, each franchisee must remit to us a continuing nonrefundable contribution of 3% of Gross Revenue or \$100 each week, whichever is greater. (Franchise Agreement, Section X.B)

We may use the funds contributed to the national marketing fund, in our sole discretion, for market studies, technology development such as the CleanNet service, advertising and public relations, product and service development, to produce materials, prepare miscellaneous artwork, conduct print, radio and/or television advertising, implement customer service programs or conduct consumer research on a national or regional level, employ an in-house or outside advertising agency and funding any other direct or indirect marketing activity, including funding or operating a charitable foundation or other charitable entities or activities, and administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and public relations materials, and for the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our sole discretion, to be in the best interest of the franchisees and the System. Additionally, we may use the funds to create designs for banner fans, tablecloths and backdrops for trade show booths and templates for our logo, pamphlets, brochures, business cards, and stationery that you may download and print or produce for your own use.

Funds contributed to the national marketing fund will not be used for marketing that is principally soliciting new franchisees.

We may use up to 25% of fund money to compensate ourselves for reasonable overhead and other expenses directly incurred in connection with our administration of the fund.

During the last fiscal year of the marketing fund (ending on December 31, 2024), we collected \$572,852.21 from franchisees that went towards the marketing fund. We contributed an additional \$50,535.61 to the marketing fund. In the fiscal year 2024, of the amounts contributed by franchisees to the National Marketing Fund, we allocated 3% on miscellaneous expenses, 25% on media production, 28% on administrative expenses, and 28% on media placement. The total expenditures by SCI on marketing activities exceeded the combined franchisee contributions, with SCI covering all additional expenses beyond the percentages stated above. We may, but are in no way obligated to, also use the funds to place advertising locally based on such formula as we may develop. We do not, however, guarantee that the amounts you remit to SCI will be used in your marketing area or that our placement activities will be on a pro rata basis.

Our company and affiliate owned locations do contribute to the national marketing fund in the same amounts required by franchisees. An unaudited statement of the operations of the national marketing fund will be prepared each year and, upon request, will be available to you. We also reserve the right, but are under no obligation, to obtain and pay for audited financials. Any contributions not used during the current year will be carried over into the next year's budget. Upon your written request, we will provide you with an unaudited accounting of the National Marketing Fund expenditures.

Grand Opening/Initial Marketing Contribution

You must conduct a grand opening advertising program per the general guidelines in the Manual for an initial advertising program. You must spend at least \$3,000 per month, per office, on the program in each of the first 3 months after opening for business under the franchise agreement. If you are required to open more than one office, you are required to have a grand opening at each office. (Franchise Agreement, Section X.D)

Local Advertising

You are required to engage in local advertising and are required to commit at minimum 2% of your monthly Gross Revenue to your local marketing efforts, which must include on-line lead generation as required in the Manual and any other marketing strategies we may recommend. You are permitted to generate your own marketing materials, so long as you have submitted them to us for approval before use. We will review your local marketing programs and notify you if we approve same within 15 days. Further, we will make available to you and provide you with access to various monthly and seasonal print, direct mail and email marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns we provide you with the source designs and design specifications. However, you will incur the direct costs associated with utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. (Franchise Agreement, Section X.C)

Franchise Advertising Council and Cooperative

We maintain a Franchise Advisory Council consisting of 10 franchisee representatives, with 2 representatives appointed by us from each of our 5 regions. The Council serves in an advisory capacity only. We retain the sole right to form, modify, or dissolve the Council at our discretion. We do not have an advertising cooperative that you are required to participate in.

Training

You and your management team must attend and successfully complete to our satisfaction, our Initial Training Program. The Initial Training Program will be offered on an as-needed basis but must be

completed prior to commencement of operations. No tuition is charged for any trainees to attend the initial training program. You are required to pay all travel and living expenses for your representatives while they attend the training program. You are also required to participate in and satisfy all other training programs that we may establish respecting operation of your Steri-Clean business.

The initial training program consists of the following:

| TRAINING PROGRAM | | | |
|--|------------------------------------|-------------------------------------|---|
| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
| Overview of Services | 1 | 0 | Hailey, Idaho or other Franchisor approved location |
| How to Hire | 1 | 0 | |
| Human Resources | 1 | 0 | |
| Office Flow | 2 | 0 | |
| Financial Analysis & Controls | 3 | 0 | |
| Local Marketing | 8 | 0 | |
| Hoarding Clean-Up | 8 | 8 | |
| Odor Removal | 0 | 6 | |
| Bird Barrier | 3 | 3 | |
| Drug paraphernalia/Drug cleanup training | 4 | 4 | |
| Biohazards Clean-Up | 16 | 16+ | |
| Estimating/ Billing | 2 | 8 | |
| TOTAL | 49 | 45+ | |

Training will be conducted by the corporate team at Steri-Clean including lead trainer, Cory Chalmers (President), Steve Shopa and Kelley Collins. Cory Chalmers has served as our founder and provided services similar to those you will offer since 2011. Kelley Collins is our Vice President of Franchise Operations and Development and has held that position since 2022 and was the Chief Operations Officer with our former affiliate, Crime Scene Steri-Clean, LLC from 2006 to 2022. Steve Shopa has 13 years experience in the industry. Any instructor for training will have at least 1 year of experience and relevant training.

If you are a conversion franchisee, you may not be required to take as many hours of training as those shown in the table, depending upon our assessment of their experience and knowledge.

The instructional material shall include on-line courses and material, PowerPoint presentations, pamphlets on specific subjects, handouts, classroom exercises and hands on instruction and demonstration are utilized in the training program. On-the-job training will vary based on the training schedule and the real world experience available during the training program.

The training program must be successfully completed by all required attendees prior to opening the Franchised Business. Failure to successfully complete the training program could lead to the need to retrain on certain aspects at your expense, a delay in opening and the possible breach of the Franchise Agreement.

We may, in our discretion, conduct refresher training programs, and we may designate some or all of these programs as mandatory. If you attend a refresher training program, you must pay for the out-of-pocket costs of all attendees from your Franchise, including travel, lodging, meals and wages.

Computer Requirements

You must purchase and maintain a subscription to QuickBooks Online (or any successor online accounting platform we designate) and any computer or web-based applications we designate for contact management and scheduling. You must also maintain a current subscription to Xactimate (or any successor estimating software we designate) and complete all required Xactimate training programs at your expense. You must have a PC computer system that is capable of running the software we require and establishing a secure high-speed connection with us. You must use a credit card processing service that is PCI DSS compliant. You will use the computer system for contact management, reproduction of marketing materials, validation and storage of customer credit card information, communication with the franchisor and other franchisees, scheduling, inventory management and accounting. You are required to keep an updated copy of an approved antivirus software on your system.

Depending on the equipment you choose, we estimate that the cost of buying or leasing your computer system, including a multi-function printer, installation of Internet service, activation of our web-based contact management and scheduling application, and purchase of all necessary software, will range between \$5,565 and \$7,650. Neither we nor any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates. We currently estimate the annual cost of maintenance, updating, upgrading and support for the computer system for the term of your Franchise Agreement will be under \$400 per year.

As part of the equipment, we will loan you two (2) iPads with which you will use our mobile app that works with our CleanNet system for all estimates and jobs. These iPads remain our property and must be returned upon termination of the franchise agreement in good working condition. Should you desire any additional iPads, you must purchase them through our designated supplier; however, you must pay for the insurance and data usage for your iPads. We estimate that the cost of iPad insurance will be \$15 per month per unit. If you are in default under your Franchise Agreement that is subject to the automatic termination of the Franchise Agreement, we will have the option, in our sole discretion, to either terminate the Franchise Agreement or turn off your access to the CleanNet system.

We will have independent Internet access to the customer data and financial information on your computer system or stored in any web-based application we prescribe. There are no contractual limitations on our right to access this information.

We are not required to provide services or assist you in obtaining the computer system.

In addition, as part of your obligation to implement system enhancements/upgrades, you may be required, at your expense, to upgrade or update the technology in existence at your Steri-Clean Franchised Business, including your hardware, software and/or the complete computer system. No limitations exist as to the frequency or costs of such upgrades or updates.

In addition, you must have Internet and e-mail capability at your Steri-Clean Franchised Business, via high-speed Internet access (or, if unavailable, via dedicated phone line) in order to receive communications from us and to participate in our intranet/web portal.

ITEM 12 - TERRITORY

Territory

We will grant you a Territory for your Steri-Clean Franchised Business in which, except for the rights reserved below, we will not authorize any other franchisee or Affiliate to operate, operate any company-owned System Business, or allow any other franchisee, affiliate or company-owned System Business to operate. Except for our rights regarding National Accounts, you will have the right to provide service at

sites within your Territory and the right to use advertising or marketing communications that are primarily directed to clients within your Territory, subject to our rights reserved below.

You may solicit, perform and provide services outside of your Territory provided that you (i) are in compliance with the Franchise Agreement; (ii) receive our written consent; (iii) the area in which you wish to provide services is not within the territory of another franchisee or our affiliate; (iv) you do not advertise to prospective clients within the area unless you can discontinue such advertising upon request by us; (v) you agree to immediately stop providing services in the area and turn over all prospects and clients in the area if the area is sold; and (vi) you agree to stop providing services in the area upon 30-days written notice from us.

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. This non-exclusivity provision is required by federal franchise regulations to ensure full disclosure and transparency regarding potential competition. While we strive to maintain reasonable territorial protections, certain business circumstances may require flexibility in territory management, such as servicing National Accounts or responding to emergency situations. You are protected from intentional territorial infringement by us or other franchisees, but the non-exclusive nature of the territory allows us to effectively serve our customers, maintain quality standards across all markets, and adapt to changing market conditions. This arrangement also provides you with opportunities to service customers outside your Territory under certain conditions, potentially expanding your business reach.

We may not alter your Territory during the term of your Franchise Agreement without your written consent.

We will designate the Territory, in our sole discretion, during the site confirmation process based on competition, accessibility of the location, population density and other demographic factors.

The Territory will be specified in the Site Selection Addendum (Attachment A to the Franchise Agreement) along with the confirmed site for the Franchised Business.

If you operate more than one Steri-Clean Franchised Business in adjoining territories, you may operate both territories from one central office; however, your office must be within 100 miles of the furthest point in all of your territories combined. If the furthest point of your combined Territories are over 100 miles from the closest office, you are required to open one or more additional offices such that no portion of your combined Territories is more than 100 miles from any approved office.

Your right to relocate is not guaranteed, must occur with your Territory and must be approved by us in our sole discretion. In evaluating your relocation request, we will evaluate your compliance with your franchise agreement, your prior operational history, demographics and other factors that, at the time of your request, are relevant to us.

Currently, we do not operate, franchise, or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by Steri-Clean franchisees.

We do reserve all other rights not expressly granted to you, including the right to (a) conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using Steri-Clean's Trade Name or Marks; (b) operate or grant others the right to operate a Steri-Clean franchise or affiliate location outside your Territory as we deem appropriate and irrespective of the proximity to your Territory; (c) acquire the assets or ownership interests of one or more competitive businesses located or operating within or outside the Territory, notwithstanding the fact that such businesses may be the same or similar to a Steri-Clean franchise; (d) be acquired by a business, whether or not such business is a competitive business, even if such business operates, franchises and/or grants licenses for the operation of competitive businesses with your Territory, and (e) own and operate or license to others to

own and operate Steri-Clean businesses at or within Non-Traditional Venues located within and outside your Territory; and (f) manage all National Account Customers. A “Non-Traditional Venue” shall include businesses and industrial complexes, healthcare facilities, military bases, hotels and motels, and colleges and universities. A “National Account Customer” includes a customer that (a) is operated from 2 or more offices or facilities (“National Account Facilities”) that are not exclusively located within a single franchisee’s territory, and (b) contracts with us, or our affiliate, for Services to be performed at one or more of those National Account Facilities. A Non-Traditional Venue may also constitute a National Account Customers.

Minimum Performance Standards

The continuation of your rights under the franchise agreement is contingent upon you maintaining the minimum quarterly Gross Revenue levels beginning 12 months after commencement of your Franchised Business. To maintain your rights, your quarterly Gross Revenue must equal or exceed \$50,000 (the “Minimum Performance Standard”).

If your Gross Revenue does not meet the Minimum Performance Standard for any calendar quarter, beginning with the 5th full calendar quarter after the Start Date, we will notify you in writing of that fact. Notification of failure to meet the Minimum Performance Standard during the 5th through 8th calendar quarters of the term of this agreement will be given for informational purposes only. Beginning with the 9th calendar quarter after the Start Date, if your Gross Revenue is less than the Minimum Performance Standard, it will constitute a material event of default giving us the right, in our sole discretion, to terminate your franchise upon 90 days' written notice and opportunity to cure by meeting the Minimum Performance Standard in the following calendar quarter.

Beginning with the 9th full calendar quarter after the Start Date, if you do not meet the Minimum Performance Standard during any 3 calendar quarters in any 8 consecutive calendar quarters and we have given you written notice of these deficiencies, we may, at our option, terminate this agreement upon 90 days' written notice of the third deficiency, without opportunity to cure.

Alternative Channels of Distribution

We will not use channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales to make competitive sales within your Territory using the principal Marks or different trademarks, unless we have obtained your prior written consent.

We do not reserve or offer options, rights of first refusal or similar rights to you for additional licenses within or outside the Territory.

ITEM 13 - TRADEMARKS

Registrations and Applications

As of the Issuance Date, we have filed the following marks for registration on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

| Mark | Registration Number | Registration/ Renewal Date |
|--|---------------------|--|
| Steri-Clean | 4216977 | December 21, 2017 Renewed October 15, 2022 |
| Restoring Homes and Lives | 4142569 | August 7, 2017 Renewed September 28, 2021 |
| Steri-Clean, Inc. Hoarders.com (with design) | 4687854 | February 17, 2015 Renewed December 19, 2020 |

| | | |
|---|---------|--|
| Steri-Clean, Inc. | 4146231 | September 18, 2017 Renewed June 17, 2022 |
| Steri-Clean Restoring Homes And Lives (with design) | 4578411 | August 5, 2014 Renewed September 9, 2019 and February 10, 2024 |
| Hoarding Cleanup (with design) | 5225029 | June 13, 2017 Renewed December 22, 2022 |
| Extreme Cleaning Services When You Need Them Most | 5975595 | February 14, 2020 |

We have filed all affidavits and renewals required for our principal trademarks.

We have no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. We have no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark. We are aware of other companies that provide cleaning services under the trade name "Stericlean" in two other states. However, we do not have conclusive information on whether these companies' use of the name pre-dated use of the Marks, and therefore whether these companies have superior rights in the Marks in their states. Despite this, we strongly advise you to conduct due diligence and investigate the use of the Marks in your state before entering into a franchise agreement with us.

No agreements significantly limit our right to use or license the use of our marks.

If any administrative or judicial proceeding arises from a claim or challenge to your use of any of our marks, you are obligated to immediately notify us. Upon such notification, we reserve the right to take any action we deem necessary to preserve and protect the ownership, identity, and validity of the marks. We are only obligated to defend you from any claims arising from your authorized use of our primary marks in accordance with the Franchise Agreement and Operations Manual. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change. We do not have to compensate or reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark or service mark.

You are required to immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participate in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents. We have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials and items. We consider this information to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the operational and training materials, building plans and specifications, and other proprietary materials specifically created by us in connection with the system, including the CleanNet system, proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web portal and printed materials and forms used in connection with the operation of the Franchised Business. The Manual and other proprietary materials have not been registered with any copyright office.

You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Operations Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

We have no actual knowledge of any patent that could materially affect you. We are aware that one of our franchisees in the State of Texas who was terminated in 2022 has continued to use our copyrighted materials without our consent. We are currently in a dispute with this franchisee regarding other matters as more fully disclosed in Item 3 and are taking steps to stop any and all copyright infringement.

There are no determinations of the U.S. Patent and Trademark Office, the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated to protect or defend our copyrights, although we currently intend to do so.

In operating a Steri-Clean Franchised Business in accordance with our System, you will obtain access to our confidential information and trade secrets. Except as specifically authorized, you must not communicate, divulge or use such confidential information or trade secrets. Each of your equity owners is required to execute confidentiality covenants and you are required to obtain similar covenants from each of your general and assistant managers.

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

You must designate one person who owns at least 25% of your equity interests as your “Designated Principal.” The Designated Principal must have the authority to bind you to obligations relating to the Franchise Agreement. The Franchised Business must be under the direct, on-premises supervision of a fully-trained manager or a fully-trained assistant manager selected by you and approved by us. You or your Designated Principal must devote full time and best efforts to the management and operation of your Steri-Clean Franchised Business and must supervise all its financial and operational aspects.

Neither you nor your Designated Principal, as the case may be, may have had criminal convictions within the past 10 years.

You, your Designated Principal, and any managers must successfully complete those portions of our initial training program required for their positions in their entirety. More information about our initial training program and its costs is contained in Items 6 and 11 of this disclosure document. Managers shall attend and complete special programs or periodic additional training as we may require upon at least 60 days’ prior notice.

Each owner and his or her spouse, if any, must jointly and severally guarantee your obligations to us under the Franchise Agreement by executing and delivering a guaranty in substantially the form attached as Attachment C to the Franchise Agreement. Each Owner and his or her spouse must also execute a Noncompetition Agreement in the form attached as Attachment D-1 to the Franchise Agreement and a Confidentiality Agreement in the form attached as Attachment E-1 to the Franchise Agreement. In addition, you must require each of your managers to execute a Confidentiality Agreement in the form attached as Attachment D-2 to the Franchise Agreement and a Non-Competition Agreement in the form attached as Attachment E-2 to the Franchise Agreement.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must only offer the products and services that we authorize in the Manual, as they may be updated from time to time, or in other written materials approved by us. You may not offer or sell products or services not authorized by us. You must offer all goods and services that we designate. There is no limit on our right to add or remove products and services to the system. Items 8, 9 and 12, as well as the Manual, provide additional information regarding your specific obligations and limitations.

You must use the business premises only for operation of your Steri-Clean Franchised Business and for no other unrelated purpose. You may not offer for sale or sell products or services related to the Franchised Business via the internet without our prior written approval.

There are no other limitations imposed by us on the persons to whom a franchisee may provide products and services, except those imposed by the nature of the system itself. You may not advertise, offer for sale, or sell any products that are damaged, deteriorated, or "out-of-date", as provided in the Manual or as otherwise specified by us in writing.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

| THE FRANCHISE RELATIONSHIP | | |
|--|---|---|
| Provision | Section In the Franchise Agreement | Summary |
| a. Length of the term of the franchise | II.A | 5 years. |
| b. Renewal or extension of the term | II.B | If you are not in default of the Franchise Agreement you have an option to renew for one additional term of 5 years. |
| c. Requirements for You to renew or extend | II.B | You must give us 180 days prior written notice; have complied with all material terms and conditions of your current Franchise Agreement; paid all monetary obligations owed to us; agree in writing to remodel; have the right to continue to occupy the premises; you and your Managers have been retrained; you and your principals sign a general release of any claims against us; and sign our then current standard Franchise Agreement. The then current form of Franchise Agreement may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights. |
| d. Termination by You | Not Applicable | Not Applicable. |
| e. Termination by Us without cause | Not Applicable | Not Applicable. |

| | | |
|--|--------|--|
| f. Termination by Us with cause | XIII | Franchisor can terminate the Franchise agreement if Franchisee is in default. (subject to state law) |
| g. "Cause" defined- curable defaults | XIII.B | You have 90 days to cure a default for failure to meet the Minimum Performance Standards. You have 30 days to cure a default for (i) failure to open for business within 60 days, and (ii) failure to maintain and submit to us all reports required in the Franchise Agreement. You have 5 days to cure a default for failure to make payment when due under the Franchise Agreement. (subject to state law) |
| h. "Cause" defined- defaults that cannot be cured | XIII.A | Bankruptcy or levy, failure to maintain the required insurance limits, dissolution of the Franchised Business, failure to operate and maintain computer system as required by us, receipt of an unusual amount of customer complaints, failure to answer or return more than 3 customer or franchisor calls, false books or records, material misrepresentation, failure to obtain permits and licenses, trademark misuse, threat or danger to public safety, criminal conviction, unauthorized transfer, disclosure of confidential information or trade secrets, knowingly maintain or submit false books, deceptive or unlawful conduct, failure to comply with product and quality control standards, default in lease, willful and repeated wrongful activities, unauthorized relocation, cessation of business. (subject to state law) |
| i. Your obligations on termination/non- renewal | XIV | You must cease representing yourself as a Steri-Clean Franchisee; cease using our Marks and System; immediately pay what you owe us pursuant to the Franchise Agreement; immediately return all printed materials provided to you by us; alter the appearance of your Franchised Business; and cease using proprietary products and our approved suppliers. |
| j. Assignment of contract by Us | XII.A | No restriction on our right to assign. |
| k. "Transfer" by You- definition | XII.B | An assignment, sale, or gift; assignment to owned or controlled corporation; assignment if death or disability; sale of capital stock to the public; or grant of mortgage, lien, or security interest. |
| l. Our approval of transfer by You | XII.B | Transfers require our prior written consent, which may be granted or withheld in our discretion. |
| m. Conditions for Our approval of transfer ¹ | XII.B | Franchisee may transfer the Franchise agreement to a corporation of which all shares are owned by Franchisee if: Franchisee is a manager or has an approved manager; the corporation is newly organized; the corporation's activities are exclusively devoted to the Franchise; the |

| | | |
|---|-------|--|
| | | <p>corporation executes documentation required by Franchisor; Franchisee is personally liable and executes a guarantee approved by Franchisor and agrees not to assign the Franchise; all shares of the corporation evidence that the corporation is bound by the Franchise agreement.</p> <p>To obtain consent to transfer the Franchise agreement: all obligations of Franchisee must be assumed by the assignee; all Royalties must be paid in full as well as any note balances; Franchisee must not be in default under the Franchise agreement; the assignee must complete a training program; pay the Transfer Fee; the assignee must sign a release and the then-current Agreement must be signed by new Franchisee.</p> |
| n. Our right of first refusal to acquire Your Franchised Business | XII.E | We may match any bona fide offer for your business assets or ownership interest in you. |
| o. Our option to purchase Your Franchised Business | XIV.J | We reserve the right to purchase the customer lists and tangible assets upon termination or expiration. |
| p. Death or disability | XII.F | Franchisee's (or Franchisee's shareholders') heirs or legacies must meet Franchisor's approval, attend training, and personally manage the Franchise. |
| q. Non-competition covenants during the term of the franchise | XV.A | You may not participate in any competing business except your Franchised Business. (subject to state law) |
| r. Non-competition covenants after the franchise is terminated or expires | XV.B | No competing business for 3 years within 100 miles of the Location, the Territory or any other System Business. (subject to state law) |
| s. Modification of the agreement | XVI | Only by written agreement between you and us. |
| t. Integration/merger clause | XXIII | Only the terms of the Steri-Clean Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and the Steri-Clean Franchise Agreement may not be enforceable. |
| u. Dispute resolution | XXVI | Except for certain claims, all disputes must be submitted to mediation in Ada County, Idaho. |
| v. Choice of forum | XXV.B | The Idaho State District Court for Ada County, Idaho or the Federal District Court nearest to Franchisor's headquarters at the time the action is filed. (Subject to applicable state law) |
| w. Choice of law | XXV.A | Idaho law will govern (subject to applicable state law) |

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit F.

ITEM 18 - PUBLIC FIGURES

The image and endorsement of Cory Chalmers, founder and president of SCI, will be used to promote the sale of STERI-CLEAN® franchises. Mr. Chalmers has been a regularly featured expert on A&E's reality television program, "Hoarders," since 2009 and his participation was instrumental in convincing the production company to develop the show. He serves on a number of Southern California boards and commissions dedicated to assisting those with hoarding disorders. He also was a local paramedic and firefighter for a number of years, retiring as fire captain in 2011. He frequently is a keynote speaker at conferences and has made guest appearances on a number of television shows.

Mr. Chalmers is actively involved in the day-to-day management of SCI and plays a key role in the company's training program. He is not expressly compensated for his assistance in marketing the Franchise Network but he and his wife are majority shareholders in SCI.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cory Chalmers, 3940 Woodside Blvd., Hailey, ID 83333, Telephone 1-800-929-1498, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
**System wide Outlet Summary
For years 2022 to 2024**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|-------------|---|---------------------------------------|-------------------|
| Franchised | 2022 | 23 | 25 | +2 |
| | 2023 | 25 | 46 | +21 |
| | 2024 | 46 | 55 | +9 |
| Company-Owned | 2022 | 3 | 3 | 0 |
| | 2023 | 3 | 1 | -2 |

| | | | | |
|----------------------|------|----|----|-----|
| | 2024 | 1 | 0 | 0 |
| Total Outlets | 2022 | 26 | 28 | +2 |
| | 2023 | 28 | 47 | +19 |
| | 2024 | 47 | 55 | +8 |

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022 to 2024

| State | Year | Number of Transfers |
|------------------------|-------------|----------------------------|
| Pennsylvania | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1 |
| Total Transfers | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1 |

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024

| State | Year | Outlets at Start of Year | Outlets Opened | Termination | Non-Renewal | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|--------------|-------------|---------------------------------|-----------------------|--------------------|--------------------|---------------------------------|--|-----------------------------------|
| AZ | 2022 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 19 | 0 | 0 | 0 | 0 | 20 |
| | 2024 | 20 | 0 | 0 | 0 | 3 | 0 | 17 |
| CO | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|-----------|------|---|---|---|---|---|---|---|
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| CT | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| FL | 2022 | 1 | 4 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| GA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| ID | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| IL | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| MA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MD | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MI | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 3 | 0 | 0 | 1 | 0 | 3 |
| MN | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|-----------|------|---|---|---|---|---|---|---|
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MO | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NC | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NE | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NV | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| NJ | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| OH | 2022 | 2 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OR | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| PA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| SC | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|---------------|------|----|----|---|---|---|---|----|
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| TX | 2022 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 5 | 0 | 0 | 0 | 0 | 8 |
| UT | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 1 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| WA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| WV | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2022 | 23 | 5 | 1 | 2 | 0 | 0 | 25 |
| | 2023 | 25 | 24 | 0 | 3 | 0 | 0 | 46 |
| | 2024 | 46 | 13 | 0 | 0 | 4 | 0 | 55 |

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024

| 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 |
|--------------|-------------|-------------------------------------|-----------------------|---|-----------------------|-----------------------------------|-----------------------------------|
| CA | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 2 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| ID | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 1 | 0 |

| | | | | | | | |
|---------------|------|---|---|---|---|---|---|
| Totals | 2022 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 2 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 1 | 0 |

*A Franchisee signed a Franchise Agreement for this location but did not open for business.

Table No. 5
Projected Openings as of December 31, 2024

| 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 |
|--------------|--|--|---|
| Arizona | 0 | 2 | 0 |
| California | 0 | 1 | 0 |
| Connecticut | 0 | 1 | 0 |
| Florida | 0 | 3 | 0 |
| Kansas | 0 | 1 | 0 |
| Louisiana | 0 | 1 | 0 |
| Nevada | 1 | 0 | 0 |
| New York | 0 | 1 | 0 |
| Ohio | 0 | 2 | 0 |
| Oklahoma | 0 | 1 | 0 |
| Pennsylvania | 0 | 2 | 0 |
| Tennessee | 0 | 1 | 0 |
| Total | 1 | 16 | 0 |

*The above locations have opened as of the Issuance Date of this Disclosure Document.

The franchisees and the address and telephone number of each System Business is attached as Exhibit C-1. The name, last known home address and telephone number of each of the franchisees who had a System Business terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date is attached as Exhibit C-2. The location of each of the Outlets that had signed a Franchise Agreement, but had not opened its Outlets as of the end of our fiscal year is attached as Exhibit C-3.

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with our franchise system.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 - FINANCIAL STATEMENTS

We comply with this Item by supplying audited financial statements for the fiscal years 2024, 2023, and 2022, which are attached as Exhibit B. Our fiscal year ends December 31.

ITEM 22 - CONTRACTS

The following agreements and their attachments are the form of contracts proposed for use in conjunction with the grant of the franchise to develop and operate the business:

| | |
|---------------------|---|
| <i>Exhibit A</i> | Franchise Agreement |
| <i>Attachment A</i> | Site Selection Addendum |
| <i>Attachment C</i> | Guaranty |
| <i>Attachment D</i> | Non-Competition Agreement |
| <i>Attachment E</i> | Confidentiality Agreement |
| <i>Attachment F</i> | Conversion Addendum |
| <i>Attachment G</i> | SBA Addendum |
| <i>Exhibit F</i> | State Specific Addenda to Franchise Agreement |
| <i>Exhibit G</i> | General Release |

ITEM 23 - RECEIPT

The last two pages of this disclosure document are detachable duplicate Receipts that serve as an acknowledgement of your receipt of a copy of this disclosure document.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT

STERI-CLEAN, INC.
FRANCHISE AGREEMENT

FRANCHISE OWNER

FRANCHISE ADDRESS

**FRANCHISE AGREEMENT
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ATTACHMENTS

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| <i>Attachment A</i> | Site Selection Addendum |
| <i>Attachment B</i> | Statement of Ownership Interests and Franchisee's Principals |
| <i>Attachment C</i> | Guaranty |
| <i>Attachment D-1</i> | Non-Competition Agreement (Equity Interest Owners) |
| <i>Attachment D-2</i> | Non-Competition Agreement (Employees) |
| <i>Attachment E-1</i> | Confidentiality Agreement (Equity Interest Owners) |
| <i>Attachment E-2</i> | Confidentiality Agreement (Employees) |
| <i>Attachment F</i> | Conversion Addendum |
| <i>Attachment G</i> | SBA Addendum |

FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made and entered into this ____ day of _____, 20____, is by and between **STERI-CLEAN, INC.**, a Idaho Corporation, having its principal place of business at 3940 Woodside Blvd., Hailey, ID 83333, (hereinafter referred to as "SCI", "we" or "us"), and _____, with a current address of _____ (hereinafter referred to as "Franchisee" or "you").

1. DEFINITIONS

Whenever used in this Agreement, the following terms shall have the following meanings:

Affiliate. Any person (other than a natural person) Controlled by, Controlling or under common Control with either party.

Audit Fee. The term defined as such in Section IV.B of this Agreement.

Competitive Business. Any business that markets, sells, offers, and/or provides services identical or substantially similar to those offered by STERI-CLEAN, INC., including but not limited to biohazard cleanup, hoarding cleanup, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms, rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination, odor removal, and tear gas cleanup/removal, whether such services are currently offered by STERI-CLEAN, INC. or are introduced at any point during the Term of this Agreement.

Confidential Information. Any information or data, other than Trade Secrets, that is of value and treated as confidential by SCI.

Control. The right or ability, directly or indirectly, to cause a Person to act in accordance with another Person's instructions.

Designated Principal. The term defined as such in Section XII.D.7 of this Agreement.

Equity Interest. Any stock, partnership, membership, unit or other ownership interest in Franchisee.

Franchised Business. The System Business that is the subject of this Agreement at the Location which includes (i) the real estate at the Location, including all land, improvements, buildings, facilities, fixtures, appurtenances, landscaping, and all entry, exit and parking areas now located or hereafter constructed thereon, and (ii) all furniture, furnishings, fixtures, outfittings, finishes, and equipment, including decorating accessories and interior and exterior signs used in connection with the operation of a System business.

Franchisor's Reasonable Business Judgment. Any decisions, actions, or choices made by Franchisor concerning and/or relating to this Agreement, the System, System Businesses, and Franchisee's Franchised Business, in which Franchisor undertakes such decisions with the intention of benefitting the System, enhancing the value of the Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Marks, determining operating territory markets, minimizing potential customer confusion as to the location of System Businesses, expanding brand awareness of the Marks, implementing marketing and accounting control systems, and approving products, services, supplies, and equipment, all in line with the Franchisor's reasonable business judgment. Supplementing the foregoing, Franchisee acknowledges and agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action and/or choice made by Franchisor shall take precedence and prevail, even if other alternatives, determinations, actions

and/or choices are reasonable or arguably available and/or preferable. Franchisee further acknowledges and agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (i) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (ii) Franchisor shall not be required to consider Franchisee's individual economic or business interests (as compared to the overall System), and (iii) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

GAAP. Generally accepted accounting principles.

Gross Revenue. The aggregate of all revenue, income, and fees Franchisee receives from any source in connection with the Franchised Business (whether or not in accordance with the terms of the Franchise Agreement) and whether for check, cash, credit or otherwise, including, without limitation: (1) all revenue from services performed and products sold; (2) enrollment fees; (3) service charges; , (4) business interruption insurance proceeds; and (5) revenue from any other source related to the Franchised Business, but excluding (a) bona fide refunds to customers, provided the original transaction was included in Gross Revenue, (b) sales taxes and other taxes collected from customers and remitted to taxing authorities , and (c) documented manufacturer or supplier rebates.

Immediate Family. The spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

Initial Marketing Contribution. The term defined as such in Section X.D of this Agreement.

Interested Parties. All Owners of an Equity Interest and all officers, directors, managers, agents and representatives of Franchisee.

Location. The specific site of the Franchised Business, including the required warehouse space, selected by Franchisee, confirmed by SCI and particularly described in the Site Selection Addendum executed and delivered by SCI and Franchisee pursuant to this Agreement. The term "Location" shall be deemed to include any Substitute Location to which the Franchised Business may be relocated in accordance with Section I.B of this Agreement.

Managers. Shall include the Managing Principals plus any assistant managers of Franchisee's Franchised Business. Reference to Manager in this Agreement includes the Managing Principal and, although, assistant managers may supplement the management activities of the Managing Principal, such assistant managers cannot directly undertake and/or satisfy management and/or Manager obligations set forth or designated in this Agreement.

Managing Principal. If Franchisee is a partnership, corporation or limited liability company, the owner responsible for the day-to-day oversight, management and operation of Franchisee's Franchised Business. Said individual must possess and maintain an ownership and/or equity interest in the Franchise such that said individual owns, holds and controls no less than twenty-five (25%) Percent of the equity and ownership interests in the Franchise.

Manual. The manual, as may be modified from time to time, is the primary source of information regarding the System and the construction and operation of System Businesses, and any supplemental bulletins, notices, revisions, modifications or amendments thereto, and any additional sections hereafter

promulgated by SCI, all of which shall be deemed a part thereof. The Manual may be in electronic or hard copy form, or both.

Marks. The Primary Marks and all other trade names, service marks, trademarks, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress, interior and exterior designs and specifications, and the motif, décor and color scheme and other visual identification by which the System is identified and publicized, whether now existing or hereafter created and designated as “Marks” by SCI.

National Marketing Fund. The fund administered by SCI for the purpose of promoting and marketing the Franchised Business at a national or regional level.

National Marketing Contribution. The term defined as such in Section X.B of this Agreement.

Owner. Any Person who owns an Equity Interest, directly or indirectly.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, unincorporated organizations and governmental agencies, departments and branches.

Primary Marks. “Steri-Clean®”, “Steri-Clean®” design, “Restoring Homes and Lives” and “1-800-HOARDERS.COM”.

Royalty Fees. The term defined as such in Section IV.A.3 of this Agreement.

Site Selection Addendum. The agreement in substantially the form of Attachment A to this Agreement.

System. The proprietary business format and operating system developed, owned, and/or licensed by SCI, as modified by SCI from time to time, for the development and operation of a Franchised Business that cleans property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal, including the Marks that identify System Business’ affiliation with the System, the Trade Secrets, the Confidential Information and all goodwill associated with the System.

System Business. A business operated using the System pursuant to a written franchise agreement with SCI.

Territory. The term defined as such in Section I.C of this Agreement.

Trade Dress. The Steri-Clean business designs, images, marketing materials, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of Franchisee’s Franchised Business and as may be revised and further developed by Franchisor from time to time.

Trade Secrets. Any information, without regard to form, related to SCI and its Affiliates, including technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, forms, costs of materials and supplies, financial data, financial plans, product plans, marketing information, methods of inventory control, operational systems, management techniques, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being ascertainable by proper means by, other Persons who can obtain

economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Website. The term defined as such in Section VII.K of this Agreement.

Any words, phrases or terms defined in the text of this Agreement shall have the meanings set forth therein for purposes of this Agreement.

Words and Phrases. Whenever any of the words and phrases in each subparagraph below are used in this Agreement, whether capitalized or not capitalized, the sentence in which they are used shall be read as if the other words and phrases in such subparagraph appear in the same sentence so that the meaning and interpretation of each applies to that sentence in the broadest sense.

“According to”, “in compliance with”, “as required by” and “meet” with respect to this Agreement and the System.

“All legal requirements” and “any legal requirements” each includes the applicable requirements of any governmental authority having competent jurisdiction over the subject matter.

“Approval”, “consent”, “permission” and “authorization” with respect to SCI’s approval.

“Expiration or termination of this Agreement” should be read as if the words “for any reason” appear after them.

In or at “SCI’s discretion” or similar words are to be read as “in SCI’s sole discretion without any limitation whatsoever”.

In “breach of”, in “default of”, in “violation of”, “defaults”, and “fails to perform” with respect to a party’s obligations under this Agreement.

“Includes” and “including” are not intended to limit the listing that follows. The listings are examples or illustrations. “Includes” and “including” should be read as if the words “without limitation” appear after them.

“Term of this Agreement” should be read as if the words “and any renewal term” appear after them.

“Terms”, “covenants”, “conditions”, “obligations”, “provisions” and “requirements” with respect to this Agreement.

“With respect to”, “pursuant to”, “under”, “in connection with”, “caused by”, “arising out of”,

“related to”, “resulting from” and “by reason of” in all references.

“No liability” and “assume any liability”, includes “whatsoever” in each case. Each of the following words includes the other: “liability”, “duty”, “responsibility” and “obligation”.

2. RECITALS

WHEREAS, SCI has developed a distinctive and proprietary System through significant expenditures of time, skill, effort and money;

WHEREAS, the System features a distinctive trade dress for each System Business, as well as uniform standards, service offerings, business formats, specifications, marketing and advertising standards,

policies and procedures for operations, quality and uniformity of products and services offered, inventory and management control, and training and assistance;

WHEREAS, we continue to develop, expand, use, control and add to the Marks and the System for our benefit and for the benefit of our franchisees to identify for the public the source of the products and services marketed thereunder and to represent the System's standards of quality and service;

WHEREAS, you desire to operate a System Business and to obtain a franchise from us for that purpose, as well as to receive the training and other assistance provided by us in connection therewith;

WHEREAS, you understand and acknowledge the risks of owning a business and specifically the risks of owning a System Business, and warrant that you have sufficient financial resources to bear such risks, including potential losses and operating costs. You further acknowledge that SCI has made no guarantees regarding success or profitability of the System Business. You acknowledge that success of the Franchised Business will depend primarily on your own efforts and abilities and those of your employees, and that you will have to work hard and use best efforts to operate the Franchised Business

WHEREAS, you hereby acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representations about any System Business or about us or our franchising program or policies made by us or by our officers, directors, managers, shareholders, employees or agents which are contrary to the statements in our Franchise Disclosure Document or to the terms of this Agreement, and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the Marks; and

WHEREAS, you understand and acknowledge the importance of our uniform standards of quality and service and the necessity of operating the Franchised Business in strict conformity with our quality control standards and specifications.

NOW, THEREFORE, in consideration of the foregoing Definitions and Recitals, which the parties agree are incorporated herein as a material part of this Agreement, and the mutual covenants, undertakings and commitments of each party to the other set forth herein, the parties hereby further agree as follows:

I. GRANT OF LICENSE

A. **Grant.** SCI grants to Franchisee and Franchisee accepts, upon the terms and conditions contained herein, the non-exclusive and personal right to develop, own and operate a Franchised Business within a specified territory in strict conformity with SCI's quality control standards and specifications. Franchisee hereby accepts such franchise and agrees to perform all of its obligations in connection therewith as set forth herein and to operate the Franchised Business for the entire Term of this Agreement (including any renewal term which becomes effective in accordance with the terms and conditions hereof), unless this Agreement is terminated as herein provided.

B. Location, Substitute Location.

1. Subject to the terms and conditions of this Agreement, Franchisee shall select a site to operate the Franchised Business and warehouse within the Territory. Franchisee acknowledges and agrees: (a) SCI may have existing System Businesses in the Site Selection Area which have their own territory which excludes certain territory within the Site Selection Area for Franchisee to locate a site for the Franchised Business; (b) SCI may have executed and/or may execute additional Franchise Agreements for System Businesses in the Site Selection Area which excludes certain territory within the Site Selection Area for Franchisee to locate a site for the Franchised Business; (c) Franchisee shall continually coordinate with SCI in regard to existing and additional System Businesses and their territories in the Site Selection Area; and (d) Franchisee agrees to, and does hereby, release and waive any and all claims against SCI as a

result of the exclusion of certain territory within the Site Selection Area for existing or additional System Businesses in the Site Selection Area prior to SCI confirming a site for Franchisee. Franchisee must locate a site for the Franchised Business, obtain SCI's confirmation of the site, and be operational within sixty (60) days after the date of this Agreement. SCI's confirmation of a proposed site will be evidenced by its execution of the Site Selection Addendum and will only be given (if given at all) after SCI, in Franchisor's Reasonable Business Judgment, has: (i) reviewed all information required to be submitted by Franchisee regarding the proposed site; and (ii) in SCI's discretion, visited the site. If Franchisee will operate more than one Steri-Clean Franchised Business, Franchisee must have an office within 100 miles of the furthest points of Franchisee's combined Territories. If the furthest points of Franchisee's combined Territories are over 100 miles, Franchisee is required to have at least two (2) offices.

2. If Franchisee elects to relocate the Franchised Business to a substitute location within the Territory, Franchisee must receive written approval from Franchisor, which Franchisor in Franchisor's Reasonable Business Judgment will not unreasonably withhold.

C. Territory.

1. Provided Franchisee fully complies with its obligations under this Agreement, SCI agrees during the term of this Agreement not to operate, grant or establish another franchise location for a System Business within the territory described in the Site Selection Addendum executed and delivered by SCI and Franchisee pursuant to this Agreement (the "**Territory**"). SCI reserves the right to define the Territory in SCI's discretion using Franchisor's Reasonable Business Judgment. SCI will not authorize any other System Business or Affiliate to operate or intentionally solicit within the Territory. Franchisee must execute and deliver the Site Selection Addendum to SCI within thirty (30) days after the date of this Agreement. Notwithstanding the foregoing, SCI reserves the right, using Franchisor's Reasonable Business Judgment, to:

(i) Conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using SCI's Trade Name or Marks;

(ii) Operate or license others to operate businesses or to offer or sell or license others to offer or sell products or services that do not primarily feature biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal services under marks other than the Marks within or without the Territory and regardless of proximity to the Franchised Business;

(iii) Offer or sell or license others to offer or sell any products or services, under the Marks or any other marks, through any other channel of distribution, within or without the Territory and regardless of proximity to the Franchised Business;

(iv) Advertise and market the System anywhere at any time;

(v) Establish, either directly or through an Affiliate of SCI or by licensing others to establish, System Businesses at any site SCI deems appropriate outside of the Territory, regardless of the proximity to the boundaries of the Territory. SCI makes no representation or warranty that Franchisee will have any right to participate in such businesses;

(vi) Acquire the assets or equity interests of one or more businesses providing products and services similar to or competitive with those provided at System Businesses, and franchise, license or create similar arrangements with respect to such business once acquired, wherever such businesses (or the franchisees or franchisees of such businesses) are located or operating (whether within or without the Territory and regardless of proximity to the Franchised Business); and

(vii) Be acquired (whether through acquisition of assets, equity interests or otherwise, regardless of the form of the transaction) by a business providing products and services similar to those provided at System Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Territory.

2. As long as Franchisee is in compliance with its obligations under this Agreement and upon receipt of express consent by SCI, Franchisee may accept clients outside of the Territory under the following conditions:

(i) The area in which Franchisee wishes to provide services is not within the Territory or another System Business or Affiliate.

(ii) Franchisee may not explicitly direct any advertising to prospective clients outside the Territory unless Franchisee can completely discontinue the advertising on fourteen (14) days' notice or less.

(iii) At such point when the area is granted to another franchisee, Franchisee agrees to immediately stop providing service and turn over its list of prospects and clients in the area to the franchisee to which the area has been granted without seeking or accepting any compensation for doing so. Franchisee must immediately discontinue any advertising directed to clients in the area. If Franchisee receives business leads for work within the external area after it has been granted to another franchisee, Franchisee agrees to turn over the leads to that franchisee.

(iv) Franchisee agrees, within thirty (30) days of receipt of written notice from Franchisor, to stop serving clients in the external area if SCI withdraws its consent to Franchisee operating in the area. SCI may withdraw its consent using Franchisor's Reasonable Business Judgment for any reason or for no reason at all.

D. National Accounts

1. Franchisor reserves the exclusive right to solicit, negotiate, and enter into agreements for accounts ("National Accounts") with National Account Customers using Franchisor's Reasonable Business Judgment. A "National Account Customer" includes a customer that (a) is operated from 2 or more offices or facilities ("National Account Facilities") that are not exclusively located within a single franchisee's territory, and (b) contracts with us, or our affiliate, for Services to be performed at one or more of those National Account Facilities. An account with a customer who is not a National Account Customer on the Effective Date may become a National Account if the customer later satisfies the definition of National Account Customer. Further, once a customer is a National Account Customer, no change in the location or number of its offices or facilities alters its status as a National Account Customer. Any dispute as to whether a particular customer is a National Account Customer shall be determined by Franchisor in Franchisor's Reasonable Business Judgment and Franchisor's determination shall be final and binding.

2. SCI alone may negotiate and establish the terms and pricing for National Account Customers using Franchisor's Reasonable Business Judgment. If a National Account Customer has National Account Facilities in the Territory (each facility, an "In-Territory Facility"), we may require, at our option and in Franchisor's Reasonable Business Judgment, that you arrange for the performance of the Services for the In-Territory Facility, or if you cannot or choose not to perform the Services then we may perform the Services our self or designate another third party to perform the Services for us. If we require that you perform Services for an In-Territory Facility, you will provide the Services on the terms and pricing we establish periodically with the National Account Customer.

3. We, or our affiliate, alone may invoice and collect fees and payments from National Account Customers, and you agree that you will not engage in any of these activities.

4. When we, or our affiliate, collects National Account Revenue (as defined below) arising from your performing Services for an In-Territory Facility, we or our affiliate may deduct therefrom, all fees due and owing to us for fees including, but not limited to, a reasonable processing fee, royalties, marketing fees and any past due balance owed to us by you. We will pay you the balance of the National Account Revenue not later than thirty (30) days after we receive it. All National Accounts are, and during and after the Term remain, our exclusive property. Our relationships with National Account Customers are among our most valuable assets. Accordingly, your interference with those relationships constitutes tortious interference with a commercial relationship. "National Account Revenue" means all revenue you earned in exchange for performing Services for In-Territory Facilities. National Account Revenue does not include revenue you earned or collected from any supplies and/or equipment you sold, leased or otherwise distributed to National Account Customers.

5. Franchisee's participation in the National Accounts program, will be subject to the following terms and conditions:

(i) Prior to offering, selling or performing any Services to National Account Customers, Franchisee shall execute such agreements, undertakings, or other instruments as Franchisor may require as a condition to participation;

(ii) Services are subject to Franchisor's strict quality control standards, enhanced inspections and testing, and shall be completed according to the agreed scheduling requirements all of which are established and may be modified in Franchisor's Reasonable Business Judgment;

(iii) Franchisee must be in substantial compliance with the terms of its Franchise Agreement, any addendum or amendment and any other agreement with Franchisor of which such compliance shall be determined in Franchisor's Reasonable Business Judgment;

(iv) If Franchisor's affiliate manages the National Accounts program, Franchisee agrees to list Franchisor's affiliate as an additional insured on any applicable insurance policies and/or obtain any insurance policies as required by the National Account Customer.

II. TERM AND RENEWAL

A. **Initial Term.** Except as otherwise provided herein, this Agreement shall take effect upon the date of this Agreement and shall continue for five (5) years. This Agreement may be amended or modified only by the mutual consent of the parties in writing.

B. **Renewal Term.** Franchisee shall have the right to renew this Agreement and to continue to operate the Franchised Business for additional successive five (5) year terms if all of the following conditions have been fulfilled:

1. Franchisee has given SCI written notice of its election to renew this Agreement not less than one hundred eighty (180) days prior to expiration of the then-current term of this Agreement;

2. Franchisee is in full compliance with this Agreement and all other agreements with SCI, its Affiliates and approved vendors and suppliers;

3. Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and SCI or its Affiliates, approved vendors and suppliers;

4. Franchisee has satisfied all monetary obligations owed by Franchisee to SCI and its Affiliates, and approved vendors and suppliers, and shall have timely met those obligations throughout the term of this Agreement;

5. Franchisee has met or exceeded the minimum quarterly gross revenue as set forth herein. In the event such minimum quarterly gross revenue is not being met or exceeded by Franchisee, Franchisor may, in its sole discretion and in Franchisor's Reasonable Business Judgment, choose whether to renew this Agreement and it is understood and agreed that any renewal franchise agreement to be entered into between the parties may result in a reduction in the size of the Territory using Franchisor's Reasonable Business Judgment to determine the final reduced Territory;

6. Franchisee, and each Owner of an Equity Interest in Franchisee, has executed a general release, in a form prescribed by SCI, of any and all claims against SCI, its Affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations or orders. If prohibited by law from giving a general release, Franchisee shall execute an estoppel statement in a form acceptable to SCI;

7. Franchisee has proven to SCI that it has the right to remain in possession of the Location for the duration of the renewal term;

8. Franchisee's operation and management of the Franchised Business has been in full compliance with the System;

9. Franchisee has maintained and been in good standing with all of its necessary and applicable licenses and permits; and

10. Franchisee has furnished to SCI, upon request, updated information pertaining to Franchisee and each Owner of an Equity Interest as SCI may require.

In the event that any of the foregoing conditions of renewal have not been met prior to expiration of the then-current term of this Agreement, then Franchisee's right to renew shall thereupon terminate.

To renew the franchise, Franchisee and each Owner, as applicable, must execute the standard form of renewal franchise agreement then being offered to new franchisees under the System and such other

ancillary agreements as SCI may require. The new franchise agreement shall supersede in all respects this Agreement, and the terms of which may differ substantially from this Agreement, including the requirement of a higher percentage royalty fee and/or advertising, marketing and promotional fees and contributions, and the implementation of other fees. In lieu of then then-current initial franchise fee or its equivalent for such renewal period, however, Franchisee shall be required to pay SCI a renewal fee equal to twenty percent (20%) of the then-current initial franchise fee. Each Owner of an Equity Interest in Franchisee shall, individually, guarantee the performance of all obligations of Franchisee by executing and delivering the then-current form of guaranty prescribed by SCI. Failure by Franchisee and the Principals to sign the then-current franchise agreement and ancillary agreements within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the franchise.

III. DUTIES OF SCI

A. **Pre-Opening Obligations.** Prior to the opening of the Franchised Business, SCI shall:

1. Allow access to the Manual for Franchisee's use. The Manual is confidential and remains SCI's property. SCI may modify the Manual from time to time, but these modifications will not alter Franchisee's status and rights and obligations under this Agreement.

2. Review Franchisee's site information and confirm the acceptability of the site, subject to SCI's minimum standards and specifications. Selecting the site is Franchisee's responsibility. SCI's CONFIRMATION OF A SITE AS SUITABLE FOR A FRANCHISED BUSINESS IS NOT A REPRESENTATION OR WARRANTY AS TO THE LIKELIHOOD OF SUCCESS OF THE FRANCHISED BUSINESS AT THAT SITE.

3. Review Franchisee's proposed lease agreement for the Location to confirm SCI's minimum terms for inclusion in such lease agreement are satisfied. SCI'S CONFIRMATION OF THE PROPOSED FORM OF LEASE AGREEMENT FOR THE LOCATION IS SOLELY FOR ITS OWN BENEFIT AND PROTECTION AND IS A PERMISSION ONLY AND DOES NOT CONSTITUTE AN ASSURANCE, REPRESENTATION OR WARRANTY AS TO ANY MATTER, INCLUDING (I) THE BUSINESS OR ECONOMIC TERMS OF THE TRANSACTION, (II) THE POTENTIAL PROFITABILITY OF A FRANCHISED BUSINESS AT THAT LOCATION OR (III) MATTERS OF TITLE WITH RESPECT TO THE LOCATION. SCI ASSUMES NO DUTY TO EXAMINE TITLE TO THE LOCATION.

4. If applicable, furnish Franchisee with a set of Franchisor's then-current plans or guidelines for the construction of a typical Franchised Business. Franchisor's plans or guidelines will reflect the general requirements for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture and signage. These plans and guidelines are for informational purposes only and are not to be relied upon by Franchisee.

5. Provide you with written specifications for the operation and management of the Franchised Business, primarily through the Manual, including lists of approved/ required items of equipment and inventory.

6. Provide the initial training program (which must be successfully completed in Franchisor's Reasonable Business Judgment) for Franchisee's Managing Principal, Designated Principal, and management.

B. **Post-Opening Obligations.** Following the opening of the Franchised Business, SCI will:

1. Provide Franchisee with information on new developments, techniques and improvements related to the System and to System Business operations.

2. Administer the National Marketing Fund.

3. Provide Franchisee with a start-up package of marketing materials, including brochures, business cards, and a trade show display. The trade show display will only be provided if this Agreement is Franchisee's first franchise agreement with Franchisor or if this Agreement is for a subsequent franchised business and Franchisee is opening a second office. Franchisor reserves the right to not provide Franchisee with a trade show display at Franchisor's sole discretion.

4. Provide periodic updates, revisions and amendments to the Manual as necessary and in Franchisor's Reasonable Business Judgment.

5. During the first six months of operation and upon written request by Franchisee, provide up to five (5) days on on-site assistance. If Franchisor provides on-site assistance as

stated herein, Franchisee agrees to reimburse Franchisor its reasonable expenses for travel and living and a daily per diem of one hundred dollars (\$100) per trainer.

6. Coordinate or conduct periodic training programs for franchisees under the System as SCI deems necessary.

7. Conduct, on a periodic basis, as SCI deems advisable, evaluations of the Franchised Business and its operations and of the methods and the staff employed at the Franchised Business to assure the Franchised Business's continual compliance with the System, procedures and standards as they affect customer retention, loyalty, frequency and satisfaction.

8. Coordinate meetings of all franchisees under the System.

9. Negotiate and administer, in SCI's discretion and using Franchisor's Reasonable Business Judgment, vendor purchasing and related programs.

10. Operate and maintain a central telephone call center for all System Businesses.

11. Review and approve all promotional and marketing programs, plans and materials, provided same are consistent with SCI's marketing strategies and the requirements set forth in the Manual or otherwise by SCI.

All of the obligations of SCI hereunder are to Franchisee, and no other party is entitled to rely on, enforce or obtain relief for breach of such obligations either directly or by subrogation.

IV. FEES

A. **Payments to SCI.** In consideration of the right and license to operate a Franchised Business granted herein, Franchisee shall remit to SCI the following fees:

1. **Initial Franchise Fee.** The total initial non-recurring franchise fee shall be that amount listed in Attachment A to this Franchise Agreement. The initial franchise fee is deemed fully earned upon receipt by SCI, and, except as provided in this subsection, is non-refundable.

The Initial Franchise Fee will be reduced for a subsequent franchised business only if the same Person or company has a controlling interest in both the franchisee who entered into the original franchise agreement and the franchisee who enters into the subsequent franchise agreement.

2. **Proprietary Software Activation Fee.** Upon execution of this Agreement, Franchisee shall pay a non-refundable fee of one thousand dollars (\$1,000) for activation of SCI's CleanNet contact management and scheduling application ("CleanNet") for use by Franchisee in operation of the Franchised Business. CleanNet must be used and updated daily with all required information about the day-to-day operation of the Franchised Business, as specified by SCI. If this is a subsequent Steri-Clean franchised business, then we will waive the CleanNet proprietary software activation fee.

3. **Royalty Fees.** Throughout the Term of this Agreement, Franchisee shall pay to SCI a continuing non-refundable weekly royalty fee equal to the greater of (a) eight percent (8%) of Gross Revenue if Franchisee's weekly Gross Revenue does not exceed eight thousand dollars (\$8,000), seven percent (7%) if Franchisee's weekly Gross Revenue is between eight thousand and one dollars (\$8,001) and twelve thousand dollars (\$12,000), and six percent (6%) if Franchisee's weekly Gross Revenue exceeds twelve thousand and one dollars (\$12,001), or (b) a weekly minimum royalty of two hundred dollars (\$200).

Subject to applicable banking laws and regulation, SCI shall have the right to establish a direct debit program with Franchisee's bank to allow for the electronic transfer of the weekly Royalty Fee on each Friday for the previous week's Gross Revenue, as determined by SCI by accessing Franchisee's Computer System or by such other means as SCI may, from time to time, require. Franchisee agrees to execute any necessary documents authorizing the automatic funds transfer pursuant to any such direct debit program. If a direct debit program is not available, Franchisee must timely remit the Royalty Fees to SCI directly via Franchisee-initiated wire transfers. SCI reserves the right to require Franchisee to pay all fees due to Franchisor under this Agreement by means other than automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Franchisee must submit a statement of Gross Revenue on the form SCI designates with each royalty payment.

4. **Technology Fee.** Franchisee must pay SCI a monthly technology fee to compensate SCI for its cost to maintain Franchisee's separate website or sub-pages on our web sites,

maintain SCI's toll-free promotional telephone numbers, pay for centralized telephone service and support by SCI's designated telephone service provider, and compensate SCI for use of its web-based customized contact management and scheduling application. Currently, the monthly fee is one hundred dollars (\$100) plus thirty dollars (\$30) for each phone in your office for unlimited domestic calling.

5. Administrative Fees. When SCI is requested by Franchisee to amend this Agreement or any ancillary or other agreement to which SCI is a party or to prepare or review for its consent, confirmation or approval documents in connection with various transactions for which a specific fee is not imposed elsewhere in this Agreement, Franchisee shall pay an administrative fee equal to the actual costs and expenses incurred by SCI in connection with same (including costs of personnel and attorneys' fees and expenses). Such administrative fee shall be payable by Franchisee to SCI on demand and Franchisee hereby agrees that all such fees incurred by SCI in Franchisor's Reasonable Business Judgment are reasonable.

6. Late Fees and Interest Charges on Late Payments. All unpaid obligations under this Agreement shall automatically bear interest, from the date due until paid, at the rate of one and a half percent (1.5%) per month, or the highest rate permitted by applicable state law, whichever is less (the "Default Rate"). Interest shall be calculated on a monthly basis. Interest charges are nonrefundable. Such interest shall be in addition to any other remedies SCI may have. In addition, to compensate SCI for its additional administrative expenses, for each Royalty Fee more than five (5) days late, Franchisee shall pay SCI a fee of fifty dollars (\$50) plus any and all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorneys' fees. The foregoing shall be in addition to any other rights or remedies SCI may have at law or in equity.

Franchisee acknowledges that this Article IV.A.6 does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of Franchisee's Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Article XIII.

7. Application of Payments. Franchisor has sole discretion, in Franchisor's Reasonable Business Judgment, to apply any payments received from Franchisee or to offset any indebtedness of Franchisor to Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

8. Withholding Payments Unlawful. Franchisee expressly acknowledges and agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

B. Audit and Reporting Procedures. SCI has the right, at all times and upon reasonable notice, to audit and examine the books, records, receipts, invoices and tax returns of Franchisee and to make photocopies thereof and to poll Franchisee's Computer System at SCI's expense. SCI may, at its option, require that Franchisee send copies of documents and digital records to SCI for audit at its location rather than at Franchisee's location. If Franchisee is unable to produce the records SCI requires Franchisee to maintain to explain any discrepancy disclosed by the audit, SCI shall presume in Franchisor's Reasonable Business Judgment that the discrepancy resulted from an underpayment. If such audit or examination should disclose any underpayment of fees or other sums owed to SCI and its Affiliates for any period of time as determined by SCI (the "Applicable Period"), Franchisee shall pay the deficient amount immediately upon demand, together with interest thereon at the Default Rate. All payments received shall be first credited against interest due and then against other payments due. If such audit or examination discloses (i) an understatement in any statement or report of three percent (3%) or more for the Applicable Period, or (ii) more than fifty (50) errors on the part of Franchisee, then Franchisee shall reimburse SCI for any and all costs and expenses incurred by SCI in connection with such audit or examination (including reasonable accountants' fees and attorneys' fees) (the "**Compliance Audit Fee**"). If such audit or examination is conducted due to Franchisee's failure to timely submit any required financial statements, Franchisee shall reimburse SCI for any and all costs and expenses incurred by SCI in connection with such audit or examination (including reasonable accountants' fees and attorneys' fees) (the "**Audit Fee**").

Franchisee must maintain and preserve during the term of this Agreement full, complete and accurate books, records and accounts and all supporting materials in accordance with SCI's procedures and guidelines as provided in the Manual. Franchisee is required, at its expense, to periodically submit to SCI certain reports, records, information and data as SCI may reasonably designate upon request or as specified in writing.

Additional reporting requirements are set forth in Section IX below.

V. DUTIES OF FRANCHISEE

A. **Compliance with System.** Franchisee understands and acknowledges that every detail of the appearance and operation of the Franchised Business in compliance with the System is critical to SCI, Franchisee and other franchisees under the System in order to:

1. Develop and maintain high and uniform operating standards and brand awareness; and
2. Protect the Marks and the System, and SCI's Confidential Information and Trade Secrets, reputation and goodwill.

Franchisee agrees to strictly comply with the System.

B. **Site Requirements.** Franchisee's Steri-Clean Franchised Business must be located within the Territory. Franchisee will have sixty (60) days after the date of this Agreement to locate a site for the Franchised Business and to obtain SCI's confirmation of the site as evidenced by SCI's execution of the Site Selection Addendum which SCI may withhold for any reason or not reason in Franchisor's Reasonable Business Judgment. Franchisee must execute and deliver to SCI the Site Selection Addendum within thirty (30) days after the date of this Agreement. Franchisee must commence the day-to-day operation of the Franchised Business within sixty (60) days after execution of this Agreement, unless otherwise agreed upon in writing by SCI.

C. **Pre-Opening Requirements.**

1. Franchisee shall not lease, purchase or otherwise acquire a site for the Franchised Business until, Franchisee, at its expense, has complied with all of the following requirements:

(v) Franchisee must (i) receive SCI's prior written confirmation of the proposed site selected by Franchisee for the Franchised Business, in accordance with the terms of this Agreement and (ii) furnish SCI with a copy of the fully executed final lease agreement;

(vi) The Franchised Business must be in compliance with all applicable laws, regulations and ordinances, including all zoning, signage and other requirements;

(vii) Franchisee shall obtain all business licenses, permits and certificates required for lawful operation of the Franchised Business and, upon request of SCI, shall certify in writing to SCI that all such licenses, permits and certifications have been obtained.

2. Prior to the opening of the Franchised Business, Franchisee, at its expense, shall comply with the following requirements:

(i) Franchisee shall collaborate with SCI's representative to prepare and submit to SCI for its review and approval an initial marketing plan for the Franchised Business; and

(ii) Franchisee shall remit to SCI the Initial Marketing Contribution not later than thirty (30) days prior to the date of opening the Franchised Business.

D. **Construction and Opening Requirements.** In connection with the construction and operation of the Franchised Business, Franchisee shall completely construct and equip, at Franchisee's expense, the Franchised Business in accordance with SCI's standards and specifications, and Franchisee's contracts with its construction professionals must contain a provision requiring the professionals to construct the Franchised Business in accordance with the Franchisor's requirements.

Franchisee shall not open the Franchised Business without the express written authorization of SCI, and SCI's authorization to open may be conditioned, among other things, upon Franchisee's strict compliance with all initial inventory, fixtures, furnishings, and equipment requirements. Franchisee shall

open the Franchised Business for business only after receipt of SCI's written authorization to open, provided that the Franchised Business has been fully staffed and that all employees have successfully completed all required training. SCI and Franchisee agree that time is of the essence in the construction and opening of the Franchised Business.

SCI ASSUMES NO DUTY TO REVIEW, INSPECT OR APPROVE THE CONSTRUCTION OF THE FRANCHISED BUSINESS WITH RESPECT TO COMPLIANCE WITH ANY LEGAL OR REGULATORY REQUIREMENTS. SCI'S REVIEWS, INSPECTIONS OR APPROVALS ARE SOLELY FOR THE PURPOSE OF AUTHORIZING THE OPENING OF THE FRANCHISED BUSINESS. SCI'S AUTHORIZATION TO OPEN THE FRANCHISED BUSINESS IS A PERMISSION ONLY AND NOT A REPRESENTATION, WARRANTY OR ASSURANCE:

1. THAT THE FRANCHISED BUSINESS HAS BEEN CONSTRUCTED IN ACCORDANCE WITH ANY LEGAL REQUIREMENTS; OR

2. WITH RESPECT TO THE QUALIFICATIONS, CAPABILITIES, SUITABILITY, ADEQUACY OR PERFORMANCE OF ANY PERSON INVOLVED IN THE CONSTRUCTION OF THE FRANCHISED BUSINESS; OR

3. THAT ALL OR ANY PART OF THE FRANCHISED BUSINESS AS CONSTRUCTED IS SAFE, SUITABLE, FIT OR PROPER FOR ITS INTENDED USE OR PURPOSE; OR

4. THAT THE CONSTRUCTION OF THE FRANCHISED BUSINESS HAS BEEN PERFORMED IN A WORKMANLIKE MANNER AND IN COMPLIANCE WITH ALL LEGAL REQUIREMENTS. THIS APPLIES EVEN THOUGH SCI MAY HAVE COMMENTED ON ANY OF THE FOREGOING MATTERS IN CONNECTION WITH ANY REVIEWS, INSPECTIONS OR APPROVALS. SCI HAS NO LIABILITY TO FRANCHISEE, FRANCHISEE'S AFFILIATES OR ANY THIRD PARTY WITH RESPECT TO THE CONSTRUCTION OF THE FRANCHISED BUSINESS OR FRANCHISEE'S ACTIVITIES.

E. **Initial Training Program.** Prior to the commencement of the day-to-day operation of the Franchised Business, Franchisor will provide an initial training program for Franchisee and its management. Franchisee is required to attend and complete the first available initial training program after execution of this Agreement. Franchisee must complete SCI's initial training program, to the Franchisor's satisfaction which shall be determined in Franchisor's Reasonable Business Judgment, prior to commencement of the day-to-day operation of the Franchised Business. SCI will provide the initial training program at no cost to Franchisee for the required attendees noted above. Franchisee shall be responsible for all expenses associated with its representatives' attendance at the initial training program, including meals, lodging, travel and wages. Each replacement manager must also complete, to Franchisor's Reasonable Business Judgment, the portions of the then current initial training program applicable to their positions or, alternatively, pass a certified training test within sixty (60) days prior to the date they begin in their new position with Franchisee. Franchisee will be required to pay SCI the then current additional attendee training fee for each such person attending the then-current initial training program or applicable portion thereof. The initial training program and manner of conducting the initial training program shall be in SCI's discretion, and SCI reserves the right to make changes in the initial training program at any time and without prior notice to Franchisee.

If Franchisee transfers the Franchised Business, the transferee must agree to pay the then current fee for the Initial Training Program and attend training within thirty (30) days of assuming ownership of the business.

F. **Ongoing Managers and Supervision Requirements.** Franchisee's Franchised Business shall, at all times, be managed on-site by Franchisee's Managing Principal or designated manager who: (i) has successfully completed the training program or applicable portion thereof; and (ii) will devote their full

time and energy during business hours to the supervision and management of the Franchised Business, unless otherwise exempted by permission of SCI which SCI may grant or deny in Franchisor's Reasonable Business Judgment. The Managing Principal and/or designated manager must attend all meetings scheduled and conducted by Franchisor for the purpose of supplemental and additional training and educating as Franchisor may require from time to time and in accordance with the terms of this Agreement.

G. **Ongoing Training and Annual Meetings.** Franchisee shall cause its Designated Principals and managers to attend and complete, to SCI's reasonable satisfaction, such special programs or periodic additional training as SCI may require in writing from time to time, upon at least sixty (60) days prior notice to Franchisee. SCI shall only provide and pay for instruction and training materials in connection with ongoing training and meetings. Franchisee and its representatives shall be responsible for any other expenses incurred, including meals, lodging, travel and wages. Franchisee shall also cause its Designated Principal to attend annually up to two (2) meetings of franchisees under the System called by SCI of which SCI will provide Franchisee at least sixty (60) days prior written notice. Franchisee shall pay a registration fee of seven hundred fifty dollars (\$750) for each person attending each annual meeting. Payment for the annual meeting shall be due to SCI at least thirty (30) days prior to the meeting. If required individuals, which included Franchisee's Designated Principals or managers, do not attend an annual meeting without SCI's written consent, Franchisee shall pay to SCI a non-attendance fee of two thousand dollars (\$2,000) per person required to attend such annual meeting with no refund of the annual meeting registration fee(s) if such fee(s) has been paid to SCI.

H. **Operation of the Franchised Business.** At all times during the Term of this Agreement, Franchisee shall operate, manage and conduct the day-to-day operations of Franchisee's Franchised Business from a commercial business location constituting Franchisee's Steri-Clean Franchised Business located within the Territory. Franchisee shall: (i) use the Franchised Business solely for the operation of a Steri-Clean Franchised Business that is licensed hereunder in strict accordance with this Agreement and the System; (ii) keep the Franchised Business open and in normal operation for such minimum hours and days as SCI may from time to time reasonably prescribe; and (iii) refrain at all times from using or permitting the use of the premises of the Franchised Business for any purpose or activity other than as contemplated by this Agreement without obtaining the consent of SCI, in SCI's discretion which SCI may grant or deny using Franchisor's Reasonable Business Judgment.

I. **Minimum Gross Revenue Requirements.** Franchisee's right to continue operating in the Territory is contingent on maintaining the minimum Gross Revenue levels. Beginning twelve (12) months after the date Franchisee commences operation of the Franchised Business (the "Commencement Date"), SCI will calculate Franchisee's Gross Revenue for each calendar quarter. To maintain Franchisee's right to operate the Franchised Business, Franchisee's quarterly Gross Revenue must equal or exceed fifty thousand dollars (\$50,000) ("Minimum Performance Standard").

Franchisee must achieve and maintain the above Minimum Performance Standard during the term of this Agreement and all subsequent extensions or renewals thereof. If Franchisee's Gross Revenue does not meet the Minimum Performance Standard for any calendar quarter, beginning with the fifth (5th) full calendar quarter after the Commencement Date, SCI will notify Franchisee in writing of that fact. Notification of failure to meet the Minimum Performance Standard during the fifth (5th) through eighth (8th) calendar quarters of the Term of this Agreement will be given for informational purposes only. Beginning with the ninth (9th) calendar quarter after the Commencement Date, if Franchisee's Gross Revenue is less than the Minimum Performance Standard, it will be a material event of default giving SCI the right, in its sole discretion, to terminate this Agreement upon ninety (90) days' written notice and opportunity to cure by meeting the Minimum Performance Standard in the following calendar quarter.

Beginning with the ninth (9th) full calendar quarter after the Commencement Date, if Franchisee does not meet the Minimum Performance Standard during any three (3) calendar quarters in any eight (8) consecutive calendar quarters and SCI has given written notice of these deficiencies, SCI may, at its option, terminate this agreement upon ninety (90) days' written notice of the third deficiency, without opportunity to cure.

Franchisor may terminate this Agreement if Franchisee fails to maintain the required Minimum Performance Standards but may take into account local economic conditions and/or extenuating circumstances that materially affect growth potential which, in the sole discretion of Franchisor, affects Franchisee's ability to meet such sales growth levels.

The amount of Minimum Performance Standard requirement shall not be construed or otherwise interpreted to be an earnings claim or a statement or projection of the gross sales for any System Business.

J. **Updating and Upgrading.** Upon the request of Franchisor, Franchisee must improve, modify and remodel Franchisee's Franchised Business to the Franchisor's then-current standards and specifications. Franchisee agrees to make such improvements or modifications when changes to Franchisor's standards and specifications are made applicable to Franchisee's Franchised Business. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of notice, and to continue in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing of Franchisee's Franchised Business that, in Franchisor's Reasonable Business Judgment, is necessary to prevent a negative impact upon the goodwill associated with the Licensed Marks and/or the System, then Franchisee shall be in material default of this Agreement and Franchisor shall have the right, but not the obligation, to enter upon the premises of Franchisee's Franchised Business and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

K. **Maintenance.** Franchisee shall continuously maintain the Franchised Business in the highest degree of sanitation, repair and condition as SCI may reasonably require, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but not without SCI's prior written consent) as may be reasonably required for that purpose, including such periodic redecorating, replacement of inventory and replacement of obsolete signs, fixtures or materials as SCI may reasonably direct, or as otherwise required under the lease for the Location.

L. **Health and Safety Standards.** Franchisee shall meet and maintain the safety standards and rating applicable to the operation and management of the Franchised Business and its personnel.

M. **Working Capital.** Franchisee shall meet and maintain sufficient levels of working capital for use in connection with the management and operation of the Franchised Business as SCI may reasonably require in Franchisor's Reasonable Business Judgment.

N. **Compliance with Uniform Standards.** Franchisee shall operate the Franchised Business in conformity with such uniform methods, standards and specifications as SCI may from time to time prescribe in Franchisor's Reasonable Business Judgment to ensure that the highest degree of product quality and service is uniformly maintained. Franchisee shall conduct its business in a manner which reflects favorably at all times on the System and the Marks. Franchisee shall at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on the reputation and goodwill of SCI or any other franchisee under the System. Pursuant to this ongoing responsibility, Franchisee agrees:

1. To sell or offer for sale only such products and services as meet SCI's uniform standards of quality and quantity which have been expressly approved for sale in writing by SCI in accordance with SCI's methods and techniques; to sell or offer for sale all approved items; to refrain from any deviation from SCI's standards and specifications for providing or selling such products or services; and to discontinue selling and offering any such products or services as SCI may, in SCI's discretion, disapprove in writing at any time;

2. To lease or purchase and install at Franchisee's expense all signs and equipment as SCI may reasonably specify from time to time in the Manual or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Franchised Business without SCI's prior written consent any signs, cards, promotional literature, equipment or other items not specifically approved as meeting SCI's standards and conforming to SCI's specifications;

3. To purchase and maintain any and all signs for use in the Franchised Business, whether for interior or exterior use, in conformity with SCI's quality control standards and specifications;

4. To ensure that Franchisee and all employees or subcontractors of the Franchisee, while engaged in performance of all the services provided pursuant to the Franchise, wear uniforms conforming in color and design to the specifications designated by the Franchisor in the Manual or otherwise in writing;

5. To require that all employees or subcontractors of Franchisee shall at all times while on duty present a neat and clean appearance and render competent, sober, courteous and trustworthy service to the customers of the Franchised Business;

6. To require that, at all times, Franchisee answers all communications from the call center and/or responds to any and all client messages within one (1) hour;

7. To employ such minimum number of employees as may be prescribed by SCI and to comply with all applicable federal, state and local laws, rules and regulations with respect to such employees;

8. To maintain all licenses and permits in good standing.

O. **Purchase and Lease of Products, Equipment and Supplies.** In the operation of Franchisee's Franchised Business, Franchisee shall lease or purchase all products, inventory, equipment, supplies and other materials required for the operation of the Franchised Business solely from approved vendors and suppliers. Prior to the Commencement Date, Franchisee must have two (2) white work vans, at least one of which must be a box van. All vehicles used in the operation of the Franchised Business must include a wrap, magnet, or other decal on the outside of the vehicle with the Primary Mark approved by SCI in a size and format approved by SCI in writing. All approved vendors and suppliers must meet all SCI's specifications and standards as to content, quality, appearance, warranty, performance and serviceability and must adequately demonstrate their capacity and facilities to supply Franchisee's needs for an effective and efficient operation of the Franchised Business as well as all System Businesses. If Franchisee seeks approval from SCI of a new supplier, SCI reserves the right to test a sample of the supplier's product or service and to charge Franchisee a supplier approval fee equal to SCI's actual costs related to the test. SCI shall notify Franchisee within thirty (30) days of submission by Franchisee of all requested information, whether SCI approves or denies of said vendor. Such fee will be due thirty (30) days following the date of invoice.

P. **Inspection of Premises.** Franchisee shall permit SCI or its agents, at any time during business hours or while business operations are being conducted, and without prior notice to Franchisee, to enter upon the premises for purposes of conducting evaluations, taking photographs and interviewing employees and customers. Franchisee shall cooperate fully with SCI and its agents and representatives in such evaluations by rendering such assistance as they may reasonably request. Upon notice from SCI and its agents or representatives, and without limiting SCI's other rights under this Agreement, Franchisee shall take such steps as may be necessary to immediately and diligently correct any deficiencies detected during such evaluations, including immediately ceasing and preventing the further use of any products, equipment, inventory, promotional and marketing materials, supplies or other items that do not conform to SCI's then current specifications, standards or requirements. If Franchisee (a) to cooperate fully with SCI and its agents and representatives in such evaluations or (b) fails or refuses to correct such deficiencies, SCI shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at the sole expense of Franchisee, which Franchisee agrees to pay upon demand.

Q. **Proprietary Methods.** Franchisee acknowledges and agrees that SCI has developed certain products, services, operational systems and management techniques and may continue to develop additional products and proprietary methods and techniques for use in the operation of the Franchised Business which are all highly confidential and constitute Confidential Information or Trade Secrets of SCI. Because of the importance of quality control, uniformity of product and the significance of such proprietary products in the System, it is to the mutual benefit of the parties that SCI closely control the dissemination of this proprietary information. Accordingly, Franchisee agrees that in the event such information and techniques become a part of the System, Franchisee shall comply with and strictly follow these techniques in the operation of the Franchised Business and shall purchase from SCI or from an approved source designated by SCI any supplies or materials necessary to protect and implement such techniques.

R. **Display of Marks and Logos.** Franchisee shall display the Marks at the Franchised Business, on uniforms of Franchisee's employees and otherwise in the manner prescribed by SCI. The color, design and location of said displays shall be specified by SCI and may be changed from time to time in SCI's discretion. Franchisee shall conspicuously display to clients any signs or notices designated by SCI serving to notify and inform third parties that SCI is engaged in the business of franchising and providing sufficient information to enable third parties to contact SCI to inquire about prospective franchises. Franchisee shall not display any signs or posters at the Franchised Business or elsewhere without the prior written consent of SCI.

S. **Computer System.** Franchisee must purchase and maintain the computer hardware required by SCI for operation of the Franchised Business, including a PC computer(s) and printer.

Franchisor will provide Franchisee with two (2) iPad tablets on loan for use in the Franchised Business. Any additional iPad tablets required by Franchisee must be purchased through Franchisor's designated supplier. The iPad tablets will, at all times, remain the sole property of Franchisor; however, Franchisee is responsible for activating and maintaining necessary data plans and insurance policies on said iPads. If the iPads are lost, stolen, damaged or otherwise made unusable during the Term of this Agreement, Franchisee agrees to reimburse Franchisor the replacement value of the lost, stolen, damaged or unusable iPad. Franchisee must purchase and utilize exclusively QuickBooks Online (or any successor online version designated by SCI) for the operation of the Franchised Business. In addition, Franchisee shall license from SCI the CleanNet software required for operation of the calendaring and reporting system, and shall purchase, maintain, and use SCI's then-current designated estimating software, which is currently Xactimate. Franchisee shall complete all required training for Xactimate (or any successor estimating software) and shall be responsible for paying all associated training fees directly to the software provider. SCI shall have unlimited, unrestricted, and non-exclusive access to all information and data generated by Franchisee's computer system, including but not limited to all data generated through QuickBooks Online (or any successor online version), Xactimate (or any successor estimating software), and the CleanNet software for the purpose of compiling such financial and marketing information as it may deem appropriate in its sole discretion. SCI may, in SCI's discretion and in Franchisor's Reasonable Business Judgment, distribute this data on a confidential basis to SCI's Affiliates, to lenders of SCI and its Affiliates, to any or all franchisees under the System and to any approved or prospective vendor, supplier, distributor or manufacturer of SCI. Franchisee shall be obligated to utilize and, notwithstanding any other provision contained in this Agreement, bear the cost for all future updates, supplements, and modifications to the computer system as deemed necessary by SCI in its sole discretion, including but not limited to hardware, software, and/or the entire computer system.

Franchisee must also subscribe to and pay for all services associated with the Franchisor's proprietary software, CleanNet. CleanNet will be used by the Franchisor and Franchisee to communicate appointments, customer invoices, and other communications relating to the Franchised Business using iPad tablets (whether provided on loan by Franchisor or purchased through Franchisor's designated supplier). Franchisee shall update the CleanNet system no less frequent than daily. If Franchisee fails to update the CleanNet system as required herein, Franchisee will pay SCI a late fee of fifty dollars (\$50) for each day Franchisee fails to update as required herein.

In addition, Franchisee must have Internet access and email capability, via a dedicated phone line or high-speed Internet access, and such other telecommunication devices as SCI may require, for purposes of transmitting and receiving communication and data at the Franchised Business.

T. **Communication with Customers.** In order to maintain the high standards of quality control throughout the System, SCI reserves the right to use test customers from time to time, without prior notification to Franchisee, in order to determine whether the Franchised Business is maintaining high standards of quality, integrity, safety and customer service which shall be determined in SCI's sole discretion.

U. **Telephone Systems.** Franchisor shall provide Franchisee with a phone number to use during operation of the Franchised Business. If Franchisee acquires any phone number, not provided by Franchisor, for use in the Franchised Business, Franchisee shall register it in the name of the Franchised Business. Franchisee must purchase all phones and related devices through the Franchisor.

V. **Pricing.** SCI reserves the exclusive right, to the fullest extent allowed by applicable law, to establish, alter, or modify maximum, minimum, or other pricing requirements with respect to the prices which Franchisee may charge for products and services.

W. **Other Requirements.** Franchisee shall comply with all other requirements set forth in this Agreement, in the Manual or as SCI may designate from time to time.

VI. MARKS

A. **Grant of License.** SCI hereby grants Franchisee the right and license to use the Marks only in connection with the operation of the Franchised Business. SCI represents with respect to the Primary Marks that: (i) SCI or an Affiliate of SCI has, to the best of SCI's knowledge, all right, title and interest in and to the Primary Marks in the United States; and (ii) SCI has taken all steps which it deems reasonably

necessary in Franchisor's Reasonable Business Judgment to preserve and protect the ownership and validity of the Primary Marks in the United States.

B. **Conditions for Use.** With respect to Franchisee's use of the Marks, Franchisee agrees that:

1. Franchisee shall use only the Marks designated by SCI and shall use them only in the manner required or authorized and permitted by SCI.

2. Franchisee shall use the Marks only in connection with the right and license to operate the Franchised Business.

3. During the term of this Agreement, Franchisee shall identify itself as a franchisee and not as the owner of the Marks and shall make any necessary filings under state law to reflect such status. In addition, Franchisee shall identify itself as a franchisee of the Marks on all invoices, order forms, receipts, business cards, stationery, contracts and other materials, as well as at the Franchised Business on any sign required by SCI.

4. Any unauthorized use of the Marks shall constitute an infringement of SCI's rights and grounds for termination of this Agreement.

5. Franchisee shall not use the Marks to incur or secure any obligation or indebtedness.

6. Franchisee shall not use the Marks as part of its corporate or other legal name.

7. Franchisee shall comply with SCI's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by SCI or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

8. With respect to the Marks, Franchisee shall immediately notify SCI of any (a) infringement, (b) challenge to the use, (c) claim by any Person to any rights and (d) anything else that Franchisee reasonably believes may affect SCI's ownership or use ("Claims"). Franchisee shall not defend against any Claims or enforce any rights associated with the Marks. If Franchisee's right to use the Marks is challenged by any third party, or if Franchisee is named as a party in any proceedings with respect to any Claim, Franchisee shall deliver copies of all relevant documents to SCI within five (5) days after receiving them and tender the defense to SCI. SCI, at its expense and in Franchisor's Reasonable Business Judgment, will defend Franchisee and control the defense against such challenges and Claims resulting solely from Franchisee's use of the Primary Marks pursuant to this Agreement. Franchisee, without compensation for its time and at Franchisee's expense, shall cooperate with SCI in prosecuting or defending any Claims. Upon receipt of Notice from SCI that SCI has made a determination with respect to any proceedings or negotiations in connection with the Marks, through legal counsel, or that there has been an adjudication by a court of competent jurisdiction that a third party's right to all or any part of the Marks is superior to SCI's, Franchisee shall immediately cease using that part or all of the Marks as specified by SCI and shall use one or more additional or substitute Marks, if any, as required by SCI, in SCI's discretion, and Franchisee shall be responsible for the tangible costs (such as replacing signs and materials) of complying with this obligation. Other than SCI's obligations to defend as set forth above, SCI's decisions and actions with respect to this Section VI.B.8 is not a breach under this Agreement and gives Franchisee no claim for any other relief outside this Agreement.

9. Franchisee's right to use the Marks shall terminate upon the expiration or termination of this Agreement.

C. **Acknowledgments.** Franchisee expressly understands and acknowledges that:

1. SCI or an Affiliate of SCI is the owner of all right, title and interest in and to the Marks as they currently exist and as they may be modified in the future and the goodwill associated with and symbolized by them;

2. The Marks are valid and serve to identify the System and those who are authorized to operate a System Business;

3. Franchisee shall in no event challenge the ownership by SCI or any Affiliate of SCI of the Marks or the validity of the Marks;

4. Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Marks, except the non-exclusive license granted herein;

5. Any and all goodwill arising from Franchisee's use of the Marks and/or the System shall inure solely and exclusively to SCI's benefit, and upon expiration or termination of this Agreement no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks;

6. The license and right to use the Marks granted hereunder to Franchisee are non-exclusive, and SCI thus may in Franchisor's Reasonable Business Judgment: (a) itself use, and grant licenses to others to use, the Marks and the System; (b) establish, develop and franchise other systems, different from the System franchised to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Marks or the System;

7. SCI reserves the right, in Franchisor's Reasonable Business Judgment, to substitute different trade names, trademarks and service marks for use in identifying the System, the Franchised Business, other System Businesses, all of which shall become Marks;

8. SCI shall have no liability to Franchisee for any senior users that may claim rights to the Marks;

9. Franchisee shall not register or attempt to register the Marks in Franchisee's name or that of any other Person; and

10. Franchisee shall not design, develop or host a Website or web page, or use a domain name, homepage, social media account, or email address, containing the Marks or regarding the Franchised Business without SCI's express written consent.

VII. CONFIDENTIAL MANUALS

A. **Loan.** Franchisor shall loan to Franchisee, during the Term, one (1) copy of the Manual.

B. **Compliance.** Franchisee shall conduct its business in strict compliance with the operational systems, procedures, policies, methods, standards, and requirements prescribed in the Manual, as may be updated or modified by SCI from time to time. Access to the Manual, in electronic form, shall be provided to Franchisee from SCI during the initial training program.

C. **Use.** Franchisee must adopt and use the programs, services, methods, standards, materials, policies and procedures set forth in the Manual, as they may be modified by SCI from time to time.

D. **Ownership.** Franchisee acknowledges that SCI is the owner of all proprietary rights in and to the System, and the Manual, and any changes or supplements thereto.

E. **Confidentiality.** Franchisee must at all times treat the Manual, any other manuals created for or approved for use in the construction and operation of the Franchised Business and all of the information contained therein as proprietary and confidential, and shall use all reasonable efforts to maintain such information as absolutely secret and confidential. Franchisee must keep its copy of the Operations Manual current and in a secure place at Franchisee's Franchised Business. If the Operations Manual is provided to Franchisee in electronic format, Franchisee shall not permit third party access to the Operations Manual.

F. **Trade Secrets.** Franchisee acknowledges, knows and agrees that designated portions of the Manual are Trade Secrets owned and treated as such by SCI.

G. **Access.** The Trade Secrets must be accorded maximum security, not merely consistent with Franchisee's need to make frequent reference thereto, but at all times, regardless of the frequency of reference. Franchisee shall strictly limit access to the Manual to employees who have a demonstrable and valid need to know the information contained therein to perform their duties. Franchisee shall strictly follow all provisions in the Manual regarding the use of the Manual and all related proprietary information, and any other instructions provided by SCI, whether written or verbal.

H. **Duplication.** Franchisee shall not at any time, without SCI's prior written consent, print, copy, duplicate, record or otherwise reproduce in any manner any portion of the Manual, updates, supplements or related materials, in whole or in part, or otherwise make the same available to any unauthorized Person. Upon the expiration or termination of this Agreement for any reason, Franchisee must return to SCI all copies of any portion of the Manual, updates, supplements or related materials, whether such copies were authorized or unauthorized, in Franchisee's control or possession.

I. **SCI's Property.** The Manual shall always remain the sole property of SCI.

J. **Updates or Revisions.** SCI retains the absolute right to prescribe additions to, deletions from or revisions to the Manual, which shall become immediately binding upon Franchisee as if originally set forth therein, irrespective of Franchisor's Reasonable Business Judgment. The Manual, and any such additions, deletions or revisions thereto, shall not alter Franchisee's rights and obligations hereunder.

K. **Website.** SCI shall post the Manual on a restricted Website or extranet to which Franchisee will have access. For purposes of this Agreement, "Website" means an interactive electronic document contained in a network of computers linked by communications software, including the Internet and World Wide Web home pages. Franchisee agrees to monitor and access the Website or extranet for updates to the Manual. Any passwords or other digital identifications necessary to access the Manual on a Website or extranet will be deemed to be Confidential Information.

VIII. CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. **Confidential Relationship.** The parties expressly understand, acknowledge and agree that the relationship established between SCI and Franchisee by this Agreement is one of confidence and trust, and that as a result, SCI will be disclosing and transmitting to Franchisee certain proprietary information of SCI constituting Trade Secrets or Confidential Information, including management and training techniques, operational, accounting and quality control procedures, programs and other methods developed by SCI through and in the System which, for purposes of this Agreement, are owned or utilized by SCI and which are necessary and essential to the operation of the Franchised Business, without which information Franchisee could not efficiently and effectively operate the same. Franchisee further acknowledges that such Trade Secrets and Confidential Information were unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how" and methods developed by SCI and licensed to Franchisee by SCI for the operation of the Franchised Business are peculiar to SCI.

B. **Obligations of Franchisee.**

1. Except to the extent it is necessary to use such information or data to perform Franchisee's express obligations under this Agreement, Franchisee shall not (and Franchisee shall take such reasonable precautions as may be necessary to ensure that Interested Parties and employees of Franchisee shall not), without SCI's approval which SCI may grant or deny in Franchisor's Reasonable Business Judgment, publish, disclose, transfer, release or divulge to, directly or indirectly in any way, any other Person:

(i) any Confidential Information during the term of this Agreement and for a continuous uninterrupted period of two (2) years thereafter commencing upon the expiration or termination of this Agreement (regardless of the cause of termination), or upon the transfer by Franchisee of the Franchised Business or this Agreement pursuant to Section XII.B hereof, and continuing for an uninterrupted period of two (2) years thereafter; or

(ii) any Trade Secrets during the term of this Agreement and for so long afterwards as the information or data remain Trade Secrets.

As a condition to SCI entering into this Agreement, and from time to time during the term of this Agreement, Franchisee shall cause each Owner of an Equity Interest to execute and deliver to SCI a confidentiality agreement substantially the form of **Attachment E-1** attached hereto.

2. Franchisee shall restrict disclosure of Trade Secrets and Confidential Information to only those of Franchisee's employees who are directly connected with the performance of work requiring knowledge thereof. Franchisee may disclose Trade Secrets and Confidential Information (a) only to such of Franchisee's employees who have a valid and demonstrable need to know same in the construction and operation by Franchisee of the Franchised Business and (b) only to the extent required to enable those employees to carry out their assigned duties. Franchisee shall advise its employees of the confidential nature of the Trade Secrets and Confidential Information and the requirements of non-disclosure thereof.

Franchisee shall enter into a Franchisor approved confidentiality agreement with Franchisee's manager at the Franchised Business. Franchisee shall not disclose, or permit the disclosure of, any Trade Secrets or Confidential Information to any employee (including Franchisee's manager), until that person executes a Franchisor approved confidentiality agreement. SCI shall be a third party beneficiary of

such confidentiality agreements entered into by Franchisee with its employees and shall have the right to enforce its provisions independently of Franchisee.

3. Franchisee shall not during the term of this Agreement and for two (2) years after expiration or termination of this Agreement, for any reason, solicit, entice or induce, directly or indirectly, any employee of SCI or any Affiliate of SCI to leave their employment to work for Franchisee or with any person or entity with whom or with which Franchisee is or becomes affiliated.

C. **Ownership of Newly Developed Concepts.** Franchisee agrees to fully and promptly disclose to SCI all ideas, concepts, products, methods and techniques conceived or developed by Franchisee, Interested Parties and employees of Franchisee during the Term of this Agreement relating primarily to the development and operation of a System Business, provided that Franchisee will not be obligated to make such disclosures if doing so would violate any contractual obligations of Franchisee that arose prior to Franchisee's execution of this Agreement. SCI has the right to use and authorize other System Businesses to use such ideas, names, concepts, methods and techniques and, if incorporated into the System, the Manual or the Marks for the development, operation or promotion of System Businesses, such ideas, names, concepts, methods and techniques shall thereupon become the sole and exclusive property of SCI without payment of any consideration to Franchisee. Franchisee hereby agrees to, promptly upon request, assign to SCI all right, title and interest in such ideas, names, concepts, methods and techniques, if requested by SCI to further evidence its ownership of same, or, if not assignable, Franchisee hereby grants to SCI an irrevocable, worldwide, exclusive, royalty-free license, with the right to sublicense such ideas, names, concepts, methods and techniques.

D. **Customer Information and Data Privacy.**

1. **Ownership and Control.** Franchisee expressly acknowledges and agrees that with regard to the Franchised Business, all customer lists, customer data, personal information, and related content (collectively, "Customer Data") represent Confidential Information and constitute the sole and exclusive property of Franchisor, whether or not such information was supplied by Franchisor. Franchisor shall have the unrestricted right to use, process, and share all Customer Data across the franchise system for any business purpose, including but not limited to marketing, analytics, service improvement, and system-wide customer relationship management.

2. **Data Privacy Compliance.** Franchisee shall collect, process, store, and transfer all Customer Data in strict compliance with all applicable data privacy laws and regulations, including but not limited to the General Data Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), and any other applicable federal, state, or international privacy laws. Franchisee shall implement appropriate technical and organizational measures to ensure the security and confidentiality of Customer Data.

3. **Data Sharing and Access.** Franchisee shall not use the Customer Data for any purpose other than the operation of the Franchised Business as expressly authorized by Franchisor. Franchisee shall, upon demand of Franchisor, promptly deliver to Franchisor a complete and accurate copy of all Customer Data (including all contact information and related customer information) in electronic format and other media as specified by Franchisor.

4. **Privacy Notices and Consent.** Franchisee shall use Franchisor's approved privacy notices and obtain all necessary consents from customers for the collection, processing, and sharing of Customer Data as required by applicable law and Franchisor's system standards.

E. **Remedies.** Franchisee acknowledges that in addition to any remedies available to SCI at law, in equity, under this Agreement or otherwise, Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees and expenses) incurred by SCI in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of, the requirements of this Section VIII. SCI shall not be required to post a bond in excess of one thousand dollars (\$1,000) or other security with respect to obtaining any such equitable relief.

IX. ACCOUNTING, INSPECTIONS AND RECORDS

A. **Maintenance of Books and Records.** Franchisee shall maintain during the term of this Agreement and shall preserve for not less than three (3) years from the date of preparation full, complete and accurate books, records and accounts in accordance with the System and in the form and manner prescribed by SCI in the Manual or otherwise in writing from time to time.

B. **Reporting.** SCI, in SCI's discretion, may poll Franchisee's computer system to obtain any and all information SCI deems necessary with respect to its monitoring of the Franchised Business, including Gross Revenue figures, Google AdWords reports, and any customer data. Franchisee shall maintain its computer system in a manner which permits SCI's access to its computer system at all times. Franchisee shall provide SCI with accurate and complete weekly reports on Gross Revenue. Each report shall cover a period for the previous week (Monday through Sunday) and must be received by SCI on or before 9:00am Pacific Time on Wednesday of the following week. Each report shall disclose the Gross Revenue and other such information from which the Royalty Fee, the National Marketing Contribution, are calculated. Franchisee shall not alter or modify such reports after submission to SCI without SCI's prior written consent, which SCI may grant or withhold in its sole discretion for any reason or no reason whatsoever. Each report will be in the form and format prescribed by SCI, which SCI may change from time to time in Franchisor's Reasonable Business Judgment. Franchisee shall also provide SCI with comprehensive weekly reports on Franchisee's Google AdWords, including all relevant data and metrics, by Wednesday of each week for the previous week. If Franchisee fails to submit any report as required under this Agreement, Franchisee will pay SCI a late report fee of fifty dollars (\$50). If Franchisee alters or modifies any report after submission to SCI and without SCI's prior written consent, Franchisee will pay SCI an altered report review fee of fifty dollars (\$50) per week reflected in the modified or altered report(s) plus SCI's reasonable costs and expenses for reviewing such modified or altered report(s) which may include, but are not limited to SCI's internal or outsourced accountant fees and attorneys' fees.

C. **Financial and Related Reporting.** During the term of this Agreement, Franchisee shall, at Franchisee's expense, submit weekly unaudited balance sheet and profit and loss statements within fifteen (15) days after the end of each calendar month and annual financial statements reviewed by an independent certified public accountant in accordance with GAAP within ninety (90) days after the end of each fiscal year. All statements must be prepared in accordance with generally accepted accounting principles. Failure to timely submit this financial information may lead to the imposition of an Audit Fee or Compliance Audit Fee. If an audit or examination reveals an understatement in any statement or report of three percent (3%) or more for any period, in addition to assessing the Compliance Audit Fee, SCI has the right to require Franchisee to obtain and submit audited annual financial statements for the next three (3) consecutive years. In addition, Franchisee shall submit exact copies of Franchisee's invoices for goods purchased from vendors and suppliers and copies of Franchisee's operating reports to its landlord, immediately following SCI's request for such information.

D. **Other Submissions.** Franchisee shall also submit to SCI, for review and auditing, such other forms, and other reports, including annual accounting of local promotional, marketing and advertising expenditures, detailed sales, inventory information, and any and all other information and data as SCI may reasonably designate, in the form and at the times and places reasonably required by SCI, and as specified from time to time in the Manual or otherwise in writing, at any time during the term of this Agreement.

X. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of promotional and marketing programs, plans and materials to the furtherance and protection of the Marks, goodwill and public image of the System, the parties agree as follows:

A. **Submission and Approval of Promotional and Marketing Materials.** All promotional and marketing materials to be used by or for Franchisee in any medium shall conform to such standards and requirements as SCI may specify from time to time in the Manual or otherwise in Franchisor's Reasonable Business Judgment. Franchisee shall submit to SCI for its prior written approval, samples of all promotional and marketing materials in whatever form that Franchisee desires to use at least fifteen (15) days before their submission for use. SCI shall approve, disapprove, or revise such materials in Franchisor's Reasonable Business Judgment. Franchisee shall not use any promotional or marketing materials which have not been approved in writing by SCI, and Franchisee shall cease to use any such materials promptly upon notice by SCI. Franchisee shall comply with all revisions to said promotional and marketing materials which SCI may require as a condition to its approval of said promotional and marketing materials. In addition to, and not in limitation of, the foregoing, all promotional and marketing programs, plans and materials developed by Franchisee shall be submitted to SCI for its prior approval and must be consistent

with SCI's marketing strategies and the requirements set forth in the Manual or otherwise by SCI, in Franchisor's Reasonable Business Judgment.

B. **National Marketing Fund.** Franchisee shall remit to SCI a continuing non-refundable weekly contribution equal to three percent (3%) of Gross Revenue or one hundred dollars (\$100) each week, whichever is greater (the "National Marketing Contribution"). Subject to applicable banking laws and regulations, SCI shall have the right to establish a direct debit program with Franchisee's bank to allow for the electronic transfer of the weekly National Marketing Contribution on each Friday for the previous week's (Monday through Sunday) Gross Revenue, as determined by SCI by accessing Franchisee's Computer System or by such other means as SCI may, from time to time, require. Franchisee agrees to execute any necessary documents authorizing the automatic funds transfer pursuant to any such direct debit program. If a direct debit program is not available, Franchisee must timely remit the National Marketing Contribution to SCI via Franchisee-initiated wire transfers. SCI reserves the right to adopt other methods of payment as SCI deems reasonable.

Funds contributed to the National Marketing Fund may, in SCI's discretion, be used to produce materials, prepare miscellaneous artwork, conduct print, radio and/or television advertising, implement customer service programs or conduct consumer research on a national or regional level, to employ an in-house or outside advertising agency and call center and fund any other direct or indirect marketing activity. SCI may, but is in no way obligated to, also use the funds to place advertising locally based upon such formula as SCI may develop, in SCI's discretion. SCI does not, however, guarantee that the amounts Franchisee remits to the National Marketing Fund will be used in Franchisee's Territory or that SCI's placement activities will be on a pro rata basis. System Businesses operated by SCI or its Affiliates will contribute to the National Marketing Fund on the same basis as franchisees under the System. An unaudited statement of the operations of the National Marketing Fund will be prepared each year and, upon request, will be made available to franchisees under the System. SCI reserves the right to obtain audited financial statements for any given period. The National Marketing Fund shall pay the costs of preparing all financial statements and any audit thereof. Any contributions not used during the current year will be carried over into the next year's budget.

SCI may use up to twenty-five percent (25%) of the National Marketing Fund to pay costs incurred by SCI, its agents and representatives, which are reasonably related to the maintenance, administration or direction of the National Marketing Fund. SCI reserves the right to dissolve or change the National Marketing Fund at any time. The National Marketing Fund shall not be terminated or dissolved, however, until all monies held in the National Marketing Fund have been expended for the purposes described in this Agreement.

The National Marketing Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the National Marketing Fund or cause the National Marketing Fund to invest any surplus for future use by the National Marketing Fund.

C. **Local Advertising.** Franchisee agrees to spend an amount equal to not less than two percent (2%) of Gross Revenue on local advertising and public relations in Franchisee's Territory each month, as calculated and verified by Franchisor, which must include, at a minimum, the online lead generation described in Section X.F. On or before the fifteenth (15th) day of each calendar month, Franchisee must provide to Franchisor with an accurate accounting of its local advertising expenditures, public relations and marketing activities during the immediately preceding calendar quarter. Franchisee agrees to provide to Franchisor such other periodic reports and records of such local advertising as may be requested by Franchisor.

Franchisee may advertise Franchisee's Steri-Clean Franchised Business in any media of general distribution where such advertising cannot be limited to Franchisee's Territory, but if Franchisee advertises or markets Franchisee's Steri-Clean Franchised Business outside of Franchisee's Territory, all such advertising and marketing and its proposed distribution must be approved in advance by SCI in writing and such advertising must contain (i) the address and telephone numbers of all Steri-Clean System Businesses that Franchisor designates and (ii) Franchisor's designated customer toll free number.

Franchisee expressly acknowledges, understands and agrees that all local advertising and other marketing efforts of Franchisee must be pre-approved, in writing by Franchisor. Franchisor reserves all rights to reject any and all marketing efforts requested by Franchisee.

D. **Initial Marketing Contribution.** In addition to the National Marketing Contribution, Franchisee shall conduct such grand opening advertising as prescribed by SCI and using SCI's general

guidelines as discussed in the Manual. Franchisee must spend a minimum of three thousand dollars (\$3,000) on grand opening advertising per month, per office, during each of the first three (3) months after commencement of operations of the Franchised Business. If you are required to open additional office pursuant to Section I.B.1 at any point during the Term of this Agreement or any renewal thereof, you must spend a minimum of three thousand dollars (\$3,000) on grand opening advertising per month per office during each of the first three (3) months after opening such office.

E. **Email and Website.** Franchisor will provide Franchisee with an internet electronic mail (e-mail) address, internet website and website address (URL/domain name) for use in operating the Franchised Business. This e-mail address, website and website address shall be the only e-mail address, website and website address used by Franchisee in operating the Franchised Business. Franchisee shall not establish an e-mail address or website on the Internet using any domain name or address containing the Marks. SCI shall have the exclusive right to host and publish content on Franchisee's web page. Franchisee shall have the right to provide content to SCI for use on Franchisee's website; however, SCI shall have the sole discretion to publish or not publish any Franchisee provided content in Franchisor's Reasonable Business Judgment.

F. **Digital Marketing.** SCI or its affiliates may, in Franchisor's Reasonable Business Judgment, establish and operate Websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, domain names, e-mail addresses, keyword or AdWords purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote the Marks, the Franchised Business, and the entire network of System Businesses. Franchisee expressly acknowledges and agrees that, as between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Marketing and that nothing contained in this Agreement grants to Franchisee any ownership interest in or to the Digital Marketing. SCI will have the sole right to control all aspects of any Digital Marketing, including those related to the Franchisee's Steri-Clean Franchised Business.

Franchisee must establish and maintain on-line lead generation services with Google® or other search engines/online lead generation resources as SCI requires in the Manuals in Franchisor's Reasonable Business Judgment. Franchisee must use commercially reasonable efforts to maintain online advertisements for hoarding and crime scene clean-up services with rankings no less than the third position with any search engine in Franchisee's Territory, provided that Franchisee's compliance with SCI's digital marketing standards and requirements shall satisfy this obligation. Franchisee shall provide SCI with comprehensive weekly reports on Franchisee's Google AdWords by Wednesday of each week for the previous week, including but not limited to, spend, click through rate, conversions and keyword performance. If Franchisee fails to maintain the standards as set forth in this Section X.F, Franchisor reserves the right to terminate this Franchise Agreement with thirty (30) days' notice in addition to any late fee due for failure to provide reports as required in this Section X.F.

Other than as stated above, Franchisee shall not utilize, access and/or open accounts regarding or related to Digital Marketing unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition and/or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval is limited to the marketing and promotion of Franchisee's Steri-Clean Franchised Business in accordance with Franchisor's standards and specifications.

Upon expiration and/or termination of this Agreement for any reason, Franchisee's right to utilize the Web Based Media and/or otherwise in or to the Web Based Media shall automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Web Based Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Web Based Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Unless SCI consents otherwise in writing, Franchisee, its Owners, its Affiliates, and its employees shall not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business or the System. If SCI does permit Franchisee or its employees to conduct any Digital Marketing, Franchisee or its employees must comply with any policies, standards, guidelines, or content requirements that SCI establishes periodically and must immediately modify or delete any Digital

Marketing that SCI determines, in its sole discretion, is not compliant with such policies, standards, guidelines, or requirements. SCI may withdraw its approval for any Digital Marketing at any time.

G. **Franchisee's Name and Photograph.** Franchisee hereby grants to Franchisor the right, in perpetuity and without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other Steri-Clean franchises.

XI. INSURANCE

A. **Procurement of Required Insurance.** Franchisee must, at Franchisee's expense, procure before commencement of operations of the Franchised Business, and thereafter continuously maintain in full force during the Term, such policies of insurance as SCI may reasonably periodically require. SCI will periodically specify the required policies of insurance in the Manual or otherwise in writing. Franchisee must also procure and maintain any other insurance required by applicable state or local law, and provide SCI with proof of such insurance annually or upon request. SCI may increase, lower or otherwise modify the insurance coverage limits and/or may require additional types of insurance if SCI determines, in Franchisor's Reasonable Business Judgment, that circumstances require such modification. All insurance policies shall be issued by insurance companies with performance ratings of at least A minus (A-), VII as rated in the most recent edition of A.M. Best's Insurance Reports (or other comparable publication as specified by SCI. Currently, Franchisee is required to obtain the following minimum coverage:

1. Comprehensive general liability insurance, including care, custody and control coverage and automobile liability coverage for any hired and non-owned vehicles, we recommend a minimum coverage of \$1,000,000 per occurrence.
2. Business Interruption Insurance Coverage in an amount sufficient to cover the rent of the Franchised Business, salary, or wages of key personnel, and other fixed expenses.
3. Casualty insurance in a minimum amount equal to the replacement value of Franchisee's interest in the Franchised Business, including furniture, fixtures, and equipment.
4. Other insurance as may be required by the state or locality in which Franchisee's Franchised Business is located and operated.

B. **Certain Policy Provisions.** Each insurance policy maintained by Franchisee for the Franchised Business must (i) name the Franchisee as the insured; (ii) name SCI and its Affiliates as additional insureds on a primary and non-contributory basis; (iii) include a waiver of subrogation in favor of SCI and its Affiliates to the extent permitted by law; and (iv) provide coverage for Franchisee's indemnification obligations under this Agreement. Within thirty (30) days after opening the Franchised Business and annually thereafter, Franchisee shall furnish to SCI a then-current certificate evidencing Franchisee's procurement, renewal or extension of each insurance policy in compliance with then-current limits, together with evidence of payment of premiums along with additional insured-grantor of franchise endorsement. Franchisee agrees not to reduce any insurance limit, restrict any insurance coverage, or cancel, alter or amend any insurance policy without SCI's prior written consent. Each policy must provide not less than thirty (30) days prior written notice to SCI of cancellation for material change or non-renewal, except not less than ten (10) days in the case of cancellation for non-payment of premium. SCI reserves the right, in SCI's discretion to require Franchisee to submit to SCI copies of all required policies.

C. **Independent of Coverage Requirements.** Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by SCI or any of its Affiliates, and Franchisee's performance of that obligation shall not relieve it of liability under the indemnity provision set forth herein.

D. **Failure to Procure.** Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as revised from time to time by the Manual or otherwise in writing, SCI will have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge the same to Franchisee, which charges, together with a reasonable fee for SCI's expenses in so acting, including all attorneys' fees, shall be payable by Franchisee immediately upon notice. The foregoing remedies are in addition to any other remedies Franchisor may have at law or in equity.

E. **Third Parties.** Franchisee shall ensure that all third parties with which Franchisee conducts business are properly insured, and provide SCI with proof of such insurance upon request.

F. **Franchisee to Assess Insurance Risks.** Nothing in this Agreement implies that the insurance required by SCI will be sufficient for Franchisee's needs. Franchisee is solely responsible for assessing its own risk and determining if additional insurance coverage is necessary. Franchisee is encouraged to consider whether to obtain additional insurance coverages of Franchisee's choice or coverages with higher limits since SCI does not require Franchisee to maintain insurance against all potential insurance risks.

XII. TRANSFER OF INTEREST; OPERATION BY SCI

A. **Transfer by SCI.** SCI shall have the unrestricted right to assign this Agreement, and all of its rights and privileges hereunder, to any Person, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of SCI: (i) the assignee shall, at the time of such assignment, be capable of performing the obligations of SCI hereunder in Franchisor's Reasonable Business Judgment, and (ii) the assignee shall expressly assume and agree to perform such obligations in a written agreement.

Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that SCI may sell its assets, its rights to the Marks and the System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge with, or acquire or be acquired by, another Person; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Steri-Clean, Inc." as SCI hereunder.

Nothing contained in this Agreement shall require SCI to remain in the hoarding, biohazard cleanup, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal business or to offer the same products and services, whether or not bearing SCI's Marks, in the event that SCI exercises its rights under this Section XII.A.

B. Transfer by Franchisee.

1. Franchisee understands, acknowledges, and agrees that the rights and duties set forth in this Agreement are unique and personal to Franchisee and Franchisee's individual Principals. Neither Franchisee, any immediate or remote successor to any part of Franchisee's interest in the Franchised Business or this Agreement, nor any Owner of an Equity Interest in Franchisee, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in the Franchised Business or this Agreement or any Equity Interest in Franchisee, without the prior written consent of SCI; provided, however, SCI's prior written consent may be subject to any or all of the conditions in Section XII.B.2 below and, provided, further, that SCI's prior written consent shall not be required for a transfer to a wholly-owned legal entity of Franchisee formed expressly for that purpose. Franchisee must notify SCI in writing at least sixty (60) days prior to the date of the intended assignment or transfer. Any purported assignment or transfer, by operation of law or otherwise, not having the prior written consent of SCI as required hereby shall be null and void.

In addition to the foregoing, any transfer by Franchisee respecting and/or relating to this Agreement and/or Franchisee's Franchised Business and/or the customers, customer lists, assets and/or equipment associated with Franchisee's Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of (a) divorce; (b) insolvency; (c) dissolution of a corporation, partnership or limited liability company; (d) will; (e) intestate succession; or (f) declaration of or transfer in trust.

2. SCI shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, the Franchised Business or this Agreement. Anything in this Agreement to the contrary notwithstanding, if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring (a) a Controlling interest in Franchisee or in any Person which Controls

Franchisee, (b) the Franchised Business, (c) all or substantially all of the assets of Franchisee, or (d) this Agreement, SCI may, in Franchisor's Reasonable Business Judgment, require any or all of the following as conditions to its consent:

(i) All of the accrued monetary obligations of Franchisee and all other outstanding obligations to SCI or any of its Affiliates, and approved vendors and suppliers shall be up to date, fully paid and satisfied;

(ii) The proposed transferee does not own or operate, or intend to own or operate a Competitive Business;

(iii) Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other Franchise Agreement or other agreement between Franchisee and SCI, its Affiliates, approved vendors or suppliers;

(iv) Franchisee and each Owner of an Equity Interest in Franchisee shall have executed a general release, in a form satisfactory to SCI, of any and all claims against SCI and its Affiliates, including claims arising under federal, state and local laws, rules and ordinances, to the extent permitted by law. For purposes of such release, SCI and its Affiliates includes their respective shareholders, partners, members and other owners, officers, directors, managers, agents, representatives, employees, successors and assigns;

(v) The transferee shall demonstrate to SCI's satisfaction that the transferee meets SCI's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, SCI's testing criteria or otherwise); has at least the same managerial and financial criteria required of new franchisees under the System; and shall have sufficient equity capital to operate the Franchised Business;

(vi) If Franchisee is the transferor, the transferee shall enter into a written assignment, in a form satisfactory to SCI, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, and all of the transferee's shareholders, partners, members or other owners shall jointly and severally guarantee the obligations of the transferee under this Agreement by executing and delivering the then-current form of guaranty prescribed by SCI. If the transferor is an Owner of an Equity Interest in Franchisee, the transferor shall not be relieved of such transferor's obligations as a guarantor of Franchisee's performance unless and until: (1) all existing guarantors agree in writing to allow the release of the transferor's guarantee, and (2) the transferee has executed the then-current form of guaranty of the Franchisee's performance in a form prescribed by SCI;

(vii) If the transferor is (1) the Franchisee, the transferee shall, or (2) an Owner of an Equity Interest in Franchisee, the Franchisee shall, upgrade, at the transferee's or Franchisee's expense, as the case may be, the Franchised Business to conform to the then current standards and specifications then being used in new System Businesses, and shall complete the upgrading and other requirements within the time specified by SCI which shall be determined in Franchisor's Reasonable Business Judgment;

(viii) The transferor shall remain liable for all obligations to SCI in connection with the Franchised Business incurred prior to the effective date of the transfer, shall continue to remain responsible for its obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement and shall execute any and all instruments reasonably requested by SCI, in Franchisor's Reasonable Business Judgment, to further evidence such liability;

(ix) At the transferee's expense, the transferee and its manager, assistant managers and other representatives or employees as SCI may require shall complete the initial training program, or applicable portion thereof, and any other training programs then in effect for current franchisees under the System upon such terms and conditions as SCI may reasonably require unless such employees have been previously trained to the satisfaction of SCI;

(x) The transferee and transferee's shareholders, partners, members or other owners, and other representatives, shall have signed a receipt of all required legal documents, including SCI's Franchise Disclosure Document and the then-current Franchise Agreement and ancillary agreements;

(xi) At the time of transfer, the transferor shall remit to SCI a transfer fee, which may be subject to change at SCI's discretion, to cover SCI's administrative expenses in connection with the proposed transfer. The current transfer fee is five thousand dollars (\$5,000);

(xii) The transferor must provide SCI with copies of the agreements of purchase and sale between the transferor and the transferee. SCI may, in SCI's discretion and in Franchisor's Reasonable Business Judgment, decline to consent to a transfer based on its review of the sale terms. SCI'S CONSENT SHALL NOT CREATE ANY SPECIAL LIABILITY OR DUTY ON THE PART OF SCI TO THE PROPOSED TRANSFEE.

3. Franchisee acknowledges and agrees that each of the foregoing conditions of transfer which must be met by Franchisee and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations hereunder.

4. Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against the transferor, nor is it deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of the Franchise by the transferee.

C. **Transfer to Legal Entity.** Upon thirty (30) days' prior written notice to Franchisor, the franchise and the assets and liabilities of the Franchised Business may be assigned, by an agreement in form and substance Franchisor approves, to a corporation, partnership or limited liability company that conducts no business other than the Franchisee's Franchised Business (or other System Businesses under franchise agreements granted by Franchisor) which is actively managed by Franchisee and in which ownership of the entity remains the same, proportionately, as the controlling interest immediately prior to assignment. Such an assignment does not relieve Franchisee of its obligations, and Franchisee remains jointly and severally liable for all obligations. The organizational documents of any such legal entity must recite that the issuance and assignment of any interest is restricted by the terms of this Agreement and all issued and outstanding certificates representing ownership interests must bear a legend referring to the transfer restrictions of this Agreement.

D. **Additional Requirements – Entity Franchisees.** The following requirements shall apply if Franchisee is a corporation or other legal entity, in addition to those requirements set forth elsewhere in this Agreement or otherwise:

1. Franchisee shall at all times limit its activities exclusively to operating the Franchised Business and any other System Businesses with respect to which the Franchisee may have obtained, or may hereafter obtain, a franchise from SCI. SCI makes no representation or warranty that Franchisee will have any right to a license for additional System Businesses.

2. The articles, bylaws and other governing documents, and any amendments thereto, together with the resolutions of the board of directors (or similar managing body) authorizing entry into this Agreement, shall be promptly furnished to SCI.

3. Each certificate issued to Owners of an Equity Interest in Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to SCI, substantially the following:

“THE TRANSFER, PLEDGE OR ALIENATION OF THIS SECURITY IS SUBJECT TO THE TERMS AND RESTRICTIONS CONTAINED WITHIN THAT CERTAIN FRANCHISE AGREEMENT BETWEEN STERI-CLEAN, INC. AND _____ DATED _____.”

4. Franchisee shall maintain a current list of all Owners of an Equity Interest in Franchisee and shall furnish the list to SCI upon request, together with the addresses, telephone numbers, and email addresses of each such Owner.

5. The individuals signing this Agreement on behalf of Franchisee shall, at all times during the Term, remain the owners of the total voting capital shares, with the effective unencumbered right to vote the capital shares. The loss or surrender of the ownership or effective unencumbered right to vote the capital shares, by any means whatever, shall constitute a breach of the terms of this Agreement.

6. As a condition to SCI entering into this Agreement, and from time to time during the term of this Agreement as SCI may require, Franchisee shall cause each Owner of an Equity Interest in Franchisee (and if any such Owner is not a natural person, then the owner(s) of all interests in such Owner, as SCI may require, in SCI's discretion) to jointly and severally guarantee Franchisee's performance hereunder and bind themselves to the terms of this Agreement by executing and delivering a guaranty in substantially the form of **Attachment C** attached hereto; provided, however, that the requirements of this Section XII.D.6 shall not apply to a publicly-held corporation.

7. The Franchisee shall, during the term of this Agreement, have a natural person designated by the Franchisee, and approved by SCI, who owns at all times not less than twenty-five percent (25%) of the Equity Interest in Franchisee (the "Designated Principal"). The Designated Principal must have the authority to bind Franchisee to obligations related to this Agreement. The Designated Principal must successfully complete training programs SCI may require from time to time. The execution of this Agreement by SCI evidences SCI's approval of the following person designated by Franchisee as the Designated Principal:

Franchisee shall not designate a new Designated Principal without SCI's prior written approval.

E. **SCI's Right of First Refusal.** Any Person who (i) is the Owner of an Equity Interest in Franchisee and who desires to accept any bona fide offer from a third party buyer to purchase any part or all of such Equity Interest in Franchisee pursuant to a transaction which is otherwise allowed under Section XII.B. or (ii) holds an interest in the Franchised Business and who desires to accept any bona fide offer from a third party buyer to purchase any part or all of such interest in the Franchised Business pursuant to a transaction which is otherwise allowed under Section XII.B., shall send SCI a true and complete copy of such offer (which may include a letter of intent). Such offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. SCI shall have the right and option, exercisable within fifteen (15) days after receipt of such written offer, to send written notice to the seller that SCI or its designee intends to purchase the seller's interest on the same terms and conditions offered by the third party buyer, provided that:

1. SCI may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);

2. SCI's credit shall be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, SCI or its designee may provide promissory notes with the same terms as those offered by the proposed buyer); and

3. SCI must receive, and Franchisee and each Owner of an Equity Interest in Franchisee agrees to make, all customary representations and warranties given by the seller of the ownership interest in a legal entity or the assets of a business, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

SCI reserves the unrestricted right to assign the right of first refusal under this Section XII.E to a third-party designee of SCI, who or which will then have the rights described in this Section XII.E.

In the event SCI or its designee elects to purchase the seller's interest, closing on such purchase must occur by the later of (y) the closing date specified in the third-party offer; or (z) within one hundred twenty (120) days after the date of notice to the seller of SCI's election to purchase. Failure of SCI to exercise the right of first refusal under this Section XII.E shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XII.E with respect to a proposed transfer.

In the event that SCI or its designee elects not to purchase the seller's interest, Franchisee or the Owners of an Equity Interest in Franchisee, as the case may be, may consummate the sale to the proposed buyer on the original terms set forth in the offer, subject, in any event, to SCI's consent to the transfer in accordance with Section XII.B above. If Franchisee or the Owners of an Equity Interest in Franchisee fail to consummate the sale to the proposed buyer within sixty (60) days after SCI notifies the seller that SCI does not intend to exercise its right of first refusal, or if there is a material change in the terms of the sale (which the seller shall advise SCI of within three (3) days of such change), SCI or its designee shall have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or SCI's receipt of notice of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at SCI's or its designee's option.

F. **Transfer Upon Death or Disability.** Upon the death, mental incapacity or disability of Franchisee or any Owner of an Equity Interest in Franchisee, SCI shall consent to the transfer of the interest of such Franchisee in the Franchised Business or this Agreement, or to the transfer of such Equity Interest in Franchisee, as the case may be, to the spouse, heirs or relative by blood or by marriage, of said Franchisee or Owner of an Equity Interest, as the case may be, whether such transfer is made by will or by operation

of law, if, in Franchisor's Reasonable Business Judgment, such person or persons meet SCI's educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, SCI's testing criteria or otherwise); have at least the same managerial and financial criteria required by new franchisees under the System and have sufficient equity capital to operate the Franchised Business. If the proposed transfer is not approved by SCI or, if approved, does not occur within sixty (60) days following the death, mental incapacity or disability of Franchisee or any Owner of an Equity Interest in Franchisee, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by SCI within one hundred twenty (120) days after such death, mental incapacity or disability. Such transfer shall be subject to SCI's right of first refusal and to the same conditions as any inter vivos transfer.

G. **Non-Waiver of Claims.** SCI's consent to a transfer of any Equity Interest in Franchisee or any interest of Franchisee in the Franchised Business or this Agreement shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of SCI's right to demand exact compliance by the transferee with any of the terms of this Agreement, or any other agreement to which SCI and the transferee are parties.

XIII. DEFAULT AND TERMINATION

A. **Automatic Termination.** Franchisee shall be in default, and SCI may, at its option, turn off Franchisee's access to the CleanNet system (in Franchisor's sole discretion) and/or terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon delivery of written notice from SCI to Franchisee, upon the occurrence of any of the following events:

1. If Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee, or if Franchisee is adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law should be instituted by or against Franchisee, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or if execution is levied against the Franchised Business, or suit or other proceeding to foreclose any lien or mortgage against the premises or equipment at the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days, or if any real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable;

2. If Franchisee is dissolved;

3. If Franchisee fails to operate and maintain the computer system in accordance with SCI's requirements and guidelines as outlined in the Manual (except to the extent such failure is due solely to circumstances beyond Franchisee's control), or if Franchisee attempts to modify the computer system without the prior written approval of SCI;

4. If Franchisee fails to update the CleanNet system as required in Section V.S herein for more than five (5) days;

5. If Franchisee receives an amount of customer complaints that are excessive as compared to other Steri-Clean System Businesses which amounts shall be determined in SCI's sole discretion using Franchisor's Reasonable Business Judgment;

6. If Franchisee violates Section IV(B) of this Agreement three (3) or more times within any twelve (12) consecutive month period unless such violation has been waived by SCI in writing which SCI may waive in its sole discretion for any reason or no reason whatsoever;

7. If Franchisee understates by five percent (5%) or more its Gross Revenue in connection with any statement or report required to be submitted to SCI;

8. If Franchisee has made any material misrepresentation or omission in this Agreement, any application materials submitted to SCI or any other agreement to which Franchisee and SCI or any Affiliate of SCI are parties;

9. If Franchisee fails to obtain and maintain all required permits and licenses under state and local law;
10. If Franchisee's insurance, as required under Article XI, is cancelled or not renewed without prior authorization by Franchisor or if Franchisee does not deliver to SCI, in a timely manner, evidence of each insurance policy required by this Agreement whenever the policy is issued, amended or renewed,
11. If Franchisee misuses or makes any unauthorized use of the Marks, engages in any business or markets any service or product under a name or mark which is confusingly similar to the Marks, or otherwise materially impairs the goodwill associated with the Marks or SCI's rights therein;
12. If Franchisee misses or fails to return more than three (3) customer or Franchisor originated phone calls regarding (i) biohazard services within one (1) hour of the calls delivery to Franchisee or (ii) hoarding, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal services within twenty-four (24) hours of the calls delivery to Franchisee;
13. If a threat or danger to public safety results from the construction, maintenance or operation of the Franchised Business as determined by SCI in Franchising's Reasonable Business Judgment;
14. If Franchisee (or an Owner of an Equity Interest in Franchisee) is convicted of a crime of moral turpitude or any felony or is convicted of any other crime or offense that SCI reasonably believes, in Franchisor's Reasonable Business Judgment, is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or SCI's interest therein;
15. If Franchisee or any Owner of an Equity Interest in Franchisee purports to transfer any rights or obligations under this Agreement, in Franchisee or in the Franchised Business to any third party without SCI's prior written consent, contrary to any of the terms of Section XII of this Agreement;
16. If Franchisee fails to comply with any of the covenants contained in this Agreement;
17. If, contrary to Section VIII hereof, Franchisee discloses or divulges any Trade Secrets or Confidential Information (including the contents of the Manual) provided to Franchisee by SCI;
18. If Franchisee knowingly maintains false books or records or submits any false statements, applications or reports to SCI or any assignee of SCI;
19. If Franchisee willfully and repeatedly engages in a course of conduct which constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with its sale of the services and products offered at the Franchised Business;
20. If Franchisee fails to strictly comply with the product and quality control standards and specifications, fails to have vendors and suppliers approved by SCI or otherwise fails to meet any other significant specifications or guidelines set forth in the Manual as modified from time to time by SCI in Franchisor's Reasonable Business Judgment;
21. If Franchisee defaults under its lease agreement for the Location or under any other agreement to which Franchisee and SCI or any Affiliate of SCI are parties and fails to cure said default within the grace period (if any) provided for in such agreement;
22. If Franchisee receives two (2) or more notices of default under Section XIII.B hereof during the term of this Agreement for the same default whether or not such defaults are cured after notice;
23. If Franchisee relocates the Franchised Business without obtaining the prior written consent and approval of SCI; or
24. If Franchisee fails to operate for more than four (4) consecutive calendar days, without SCI's express written consent.

B. **Termination After Cure Period.** Except as provided in Section XIII.A of this Agreement:

1. Franchisee shall have ninety (90) days after receiving from SCI a written notice of default stating that Franchisee has failed to meet the Minimum Performance Standards and does not cure within the allowed cure period;

2. Franchisee shall have thirty (30) days after receiving from SCI a written notice of default stating that:

a. Franchisee failed to open for business to the general public within sixty (60) days after the date of this Agreement;

b. Franchisee fails to maintain and submit to SCI all reports required pursuant to Section IX or X.F hereof, including Google AdWords reports, financial statements, weekly, monthly and other reports of Gross Sales.

3. Franchisee shall have five (5) days after receiving from SCI a written notice of default stating that Franchisee has not made any payment when due under this Agreement or any other agreement between Franchisee and SCI or an Affiliate of SCI.

4. If any such default listed herein is not cured within that time, or such longer period as applicable law may require or SCI agrees to in its sole discretion, this Agreement, at SCI's option, shall terminate without further notice to Franchisee effective immediately upon the expiration of the notice period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by updates to the Manual, or for any failure to carry out the terms of this Agreement in good faith.

C. **Termination by Consent of the Parties.** The Franchisee and SCI may terminate this Agreement at any time by mutual written consent.

D. **No Right or Remedy.** No right or remedy herein conferred upon or reserved to SCI is exclusive of any other right or remedy provided or permitted by law or equity.

E. **Default and Termination.** The events of default and grounds for termination described in this Section XIII shall be in addition to any other grounds for termination contained elsewhere in this Agreement or otherwise.

F. **Right to Purchase.** In the event of termination of this Agreement for any reason, including a default under this Section XIII, SCI shall have the right and option to purchase Franchisee's interest in the tangible assets of the Franchised Business as set forth in Section XIV.J below.

XIV. OBLIGATIONS UPON TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and Franchisee shall observe and perform the following:

A. **Cessation of Operation.** Franchisee shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a franchisee or franchisee of SCI.

B. **Cessation of Use of Marks.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential methods, customer database, programs, literature, procedures and techniques associated with the System, the name "Steri-Clean" and any other Marks. Franchisee shall cease to use, without limitation, all signs, fixtures, furniture, equipment, promotional, marketing or advertising materials or displays, uniforms, stationery, forms and any other articles which display any of the Marks associated with the System. Franchisee shall immediately remove or cause to be removed all Marks and modify or alter the Franchised Business as may be necessary to a design and color which easily distinguishes the appearance of same from that of other System Businesses including removal of all signs bearing the Marks and any other changes which SCI reasonably requires.

C. **Cancellation of Name.** Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any other trademark, trade name or service mark of SCI, and Franchisee shall furnish SCI with evidence satisfactory to SCI of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

D. **Franchisor's Right to Continue Operations.** SCI may, at its option, immediately enter the premises of the Franchised Business and continue to provide services to customers of the Franchised Business and apply receipts therefrom to debts owed to SCI by Franchisee. SCI shall have no other

obligations to Franchisee in connection with SCI's operation of the Franchised Business following said termination.

E. **Non-Usage of Marks.** Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, colorable imitation or any variation of the Marks (including SCI's trade dress), either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, deception, or which is likely to dilute, damage or infringe SCI's exclusive rights in and to the Marks (including SCI's trade dress). Franchisee further agrees not to utilize any designation of origin, description, representation or any other sign which falsely suggests, represents or implies an association or connection with SCI so as to constitute unfair competition.

F. **Payment of Amounts Owed to Franchisor.** Without limitation as to any other Article or provision of this Agreement, upon expiration or termination (for any reason) of this Agreement, Franchisee shall pay all sums owing to SCI and its Affiliates and all undisputed amounts owing to any approved vendor or supplier of SCI within thirty (30) days of expiration or termination of this Agreement. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by SCI as a result of the default, which obligation shall give rise to, and remain until paid in full, a lien in favor of SCI against any and all of the personal property, machinery, fixtures, equipment and inventory owned by Franchisee and on the premises of the Franchised Business at the time of default.

G. **Payment of Costs.** Franchisee shall pay to SCI all damages, costs and expenses (i) arising out of any failure by Franchisee to pay when due amounts owed to SCI, to submit when due any statement, report, information and supporting records, or to otherwise comply with this Agreement and (ii) incurred by SCI subsequent to the termination or expiration of this Agreement, including obtaining injunctive or other relief for the enforcement of any provision of this Section XIV, whether or not SCI initiates a formal legal proceeding. Such damages, costs and expenses include reasonable accountants', attorneys', arbitrators' and related fees and expenses.

H. **Return of Materials.** Franchisee shall immediately turn over to SCI all copies of all materials in Franchisee's possession relating to the System, including the Manual, all records, files, instructions, correspondence, customer database, brochures, agreements, disclosure statements and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies thereof (all of which are acknowledged to be SCI's property), and shall retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. In addition to the foregoing, Franchisee shall deliver to SCI a complete list of all persons employed by Franchisee during the three (3) years immediately preceding termination, together with a full and complete copy of all employment files of each employee on such list. All costs of delivering all materials required by this Section XIV.H. shall be borne by Franchisee.

I. **Assignment of Identifiers.** Franchisee immediately shall take all action, or cause its Affiliates or its Owners to take all action, required to cancel or transfer to SCI or its designee all authorized and unauthorized domain names, social media accounts, telephone numbers (**Attachment H**), post office boxes, and classified and other directory listings relating to, or used in connection with, the Franchised Business or the Marks (collectively, "Identifiers"). Franchisee acknowledges that as between Franchisee and its Affiliates and SCI and its Affiliates, SCI and its Affiliates have the sole right to and interest in all Identifiers. If Franchisee fails to comply with this Section XIV.I., Franchisee hereby authorizes SCI and irrevocably appoints SCI or its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to SCI. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by SCI pursuant to this Agreement as conclusive evidence of SCI's exclusive rights in such Identifiers and SCI's authority to direct their transfer.

J. **Option to Purchase.** SCI shall have the right, but not the obligation, to purchase all or a portion of Franchisee's customer list at the price of five dollars (\$5) per active client and two dollars and fifty cents (\$2.50) per prospective client who has contacted the Franchisee within the previous six (6) months. SCI's election to purchase provided for herein must be exercised by written notice to Franchisee within thirty (30) days after termination or expiration of this Agreement. If SCI elects to exercise any option

to purchase provided herein it shall have the right to set off all amounts due from Franchisee under this Agreement, if any, against any payment therefor.

K. **Covenant of Further Assurances.** Franchisee shall execute any legal document that may be necessary to effectuate the termination hereunder and shall furnish to SCI, within thirty (30) days after the effective date of termination, written evidence satisfactory to SCI of Franchisee's compliance with the foregoing obligations.

L. **Compliance with Covenants.** Franchisee shall comply with all applicable covenants contained in Sections VIII and XV of this Agreement.

XV. COVENANTS

A. **In-Term Covenant Not to Compete.** Franchisee acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among franchisees if Franchisee and/or its Interested Persons were permitted to engage in, hold interests in or perform services for any Competitive Business. Franchisee further acknowledges and agrees that the restrictions contained in this Section XV.A will not hinder or restrict Franchisee's activities or the activities of Franchisee's Principals (or members of their Immediate Families) under this Agreement or in general.

Franchisee shall not, during the term of this Agreement, on Franchisee's own account or as a shareholder, partner, member or other owner, officer, director, manager, agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business anywhere.

B. **Post-Term Covenant Not to Compete.** Upon expiration or termination of this Agreement (for any reason) either by Franchisor or Franchisee, Franchisee shall not, for a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) on Franchisee's own account or as a shareholder, partner, member or other owner, officer, director, manager, agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business which is located at the Location or within a one hundred (100) mile radius of the Territory or within a one hundred (100) mile radius of the Location as of the date of termination or expiration or within a one hundred (100) mile radius of any other System Business in operation or under development on the effective date of termination or expiration of this Agreement.

Franchisee acknowledges and agrees that the type and period of restrictions imposed by the covenants in this Section XV.B are fair and reasonable. If the scope of any limitations and restrictions imposed by the covenants in this Section XV.B are too broad to permit enforcement thereof as written, then such limitations or restrictions shall be enforced to the maximum extent permitted by law and Franchisee and SCI hereby expressly consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such limitations or restrictions.

C. **No Undue Hardship.** Franchisee acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

D. **Inapplicability of Restrictions.** Section XV.A. shall not apply to the ownership by Franchisee of less than a one percent (1%) beneficial interest in the outstanding equity securities of any publicly held corporation.

E. **Independence of Covenants.** The parties agree that each of the covenants in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section XV are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which SCI is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

F. **Modification of Covenants.** Franchisee understands and acknowledges that SCI shall have the right, in SCI's discretion, to unilaterally reduce the scope of any covenant set forth in this Section XV or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee

of written notice thereof, and Franchisee agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXIII hereof.

G. **Enforcement of Covenants.** Franchisee expressly agrees that the existence of any claims it may have against SCI, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by SCI of the covenants in this Agreement. Franchisee agrees to pay all costs and expenses, including but not limited to, reasonable attorneys' fees, court costs, and other related expenses incurred by SCI in connection with the enforcement of the covenants set forth in this Agreement.

H. **Injunctive Relief.** Franchisee acknowledges that its violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to SCI for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. SCI shall not be required to post a bond in excess of one thousand dollars (\$1,000) or other security with respect to obtaining injunctive relief. Franchisee expressly agrees that it may be presumed conclusively that any violation of the terms of said covenants not to compete was accomplished by and through Franchisee's unlawful utilization of SCI's Confidential Information and Trade Secrets.

I. **Written Agreements.** As a condition to SCI entering into this Agreement, and from time to time during the term of this Agreement, Franchisee shall cause each Owner of an Equity Interest to execute and deliver to SCI, a noncompetition agreement in substantially the form of **Attachment D-1** attached hereto.

J. **No Other Business.** If Franchisee is a corporation, limited liability company or partnership, it will not engage in any business or other activity, directly or indirectly, other than the development and operation of Franchisee's Franchised Business without the prior written consent of SCI.

XVI. CHANGES AND MODIFICATIONS

SCI may modify this Agreement only upon the execution of a written agreement by SCI and Franchisee. SCI reserves and shall have the sole right to make changes in the Manual, the System and the Marks at any time and without prior notice to Franchisee in Franchisor's Reasonable Business Judgment. Franchisee shall promptly alter any signs, products, business materials or related items, at its sole cost and expense, upon receipt of written notice of such change or modification in order to conform with SCI's revised standards and specifications.

Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, SCI's System must not remain static, in order that it best serve the interests of SCI, the System and franchisees under the System. Accordingly, Franchisee expressly understands and agrees that SCI may from time to time change the components of the System, including altering the programs, services, methods, standards, specifications, forms, policies and procedures of the System; adding to, deleting from or modifying those programs, products and services which the Franchised Business is authorized to offer; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations.

XVII. TAXES AND INDEBTEDNESS

A. **Payment.** Franchisee shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness, including but not limited to, those related to the operation and maintenance of the Franchised Business, incurred by Franchisee. Franchisee shall pay to SCI an amount equal to any sales tax, gross receipts tax or similar tax imposed on SCI with respect to any payments to SCI required under this Agreement, unless the tax is credited against income tax otherwise payable by SCI.

B. **Dispute.** In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall Franchisee

permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

C. **Compliance with Federal, State and Local Laws.** Franchisee shall comply with all federal, state, and local laws, rules and regulations including federal labor laws, all federal and state employment laws, all federal and state data privacy laws, all federal terrorism laws, and the Americans with Disabilities Act, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper construction, operation and management of the Franchised Business, including a license to do business and provide services, fictitious name registration and sales tax permits. Copies of all subsequent inspection reports, warnings, certificates and ratings, issued by any governmental authority during the term of this Agreement in connection with the operation of the Franchised Business which indicate Franchisee's failure to meet or maintain the highest governmental standards or less than full compliance by Franchisee with any applicable law, rule or regulation, shall be forwarded to SCI by Franchisee within three (3) days of Franchisee's receipt thereof.

D. **Duty to Notify.** Franchisee shall notify SCI in writing within three (3) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental authority, which may adversely affect the operation or financial condition of the Franchised Business or of any customer related complaint. Additionally, any and all customer related complaints shall be answered by Franchisee to SCI's reasonable satisfaction within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of said answer shall be forwarded to SCI within three (3) days after the date that said answer is forwarded to the complainant.

E. **Compliance with Electronic Payment Standards.** Franchisee must abide by, but not limited to: (i) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act ("FACTA"); (iii) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"); and (iv) any other relevant standards, laws, rules, or regulations related to electronic payments, data security, and customer privacy, which may be in effect now or enacted in the future. If SCI or Franchisee are required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, SCI may require Franchisee to provide, or make available, to SCI copies of an audit, scanning results, or related documentation relating to such compliance. If Franchisee suspects or knows of a security breach, Franchisee must immediately give SCI notice of such security breach and promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchised Business.

XVIII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor

1. The parties understand and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee is and shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, affiliate, joint venturer, partner, joint employer, employee or servant of the other for any purpose whatsoever.

2. During the term of this Agreement and any renewal term, Franchisee shall conspicuously identify itself at the Franchised Business and in all dealings with public officials and Franchisee's customers, contractors, vendors, suppliers and others, as the owner of a Steri-Clean Franchised Business under a franchise from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including (a) placing a notice on all invoices, order forms, receipts, business cards, stationery, advertising, signs and other materials identifying Franchisee as an independent franchisee of SCI, in such fashion as SCI may, in Franchisor's Reasonable Business Judgment, specify and require, from time to time, in the Manual or otherwise in writing to Franchisee; (b) displaying a sign in the Franchised Business so as to be clearly visible to the public indicating that the Franchised Business is an independent franchised business operated by Franchisee pursuant to a franchise from SCI; and (c) maintaining a notice

on an employee bulletin board or such other place as SCI may designate, from time to time, in the Franchised Business clearly visible to employees of the Franchised Business, identifying the correct name of their employer and clearly stating that neither SCI nor any of its Affiliates is the employer.

3. Franchisee has the sole right and responsibility for the methods and means by which the day-to-day operation of the Franchised Business is determined and conditions for achieving Franchisee's business objectives. Subject to any approval, inspection and other rights reserved to SCI, Franchisee's rights and responsibilities include daily maintenance, safety, security, and the achievement and compliance with the System.

4. To the extent that the Manual or SCI's guidelines or standards contain employee-related policies or procedures that might apply to Franchisee's employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by Franchisee. Franchisee must determine to what extent, if any, these policies and procedures may be applicable to Franchisee's operations at the Franchised Business. SCI and Franchisee recognize that SCI neither dictates nor controls labor or employment matters for franchisees and that Franchisee, and not SCI, is solely responsible for dictating the terms and conditions of employment for Franchisee's employees including, but not limited to, training, wages, benefits, promotions, hirings and firings, vacations, discipline, supervision, safety, work schedules, and specific tasks. SCI has no relationship with Franchisee's employees and Franchisee has no relationship with SCI's employees. SCI's retention and exercise of the right to inspect or approve certain matters with respect to the Franchised Business and its operation and to enforce SCI's rights exists only to the extent required to protect SCI's interest in the System and the Marks. Neither the retention nor the exercise of such rights is for the purpose of establishing any control, or the duty to take control, of any matters which are clearly reserved to Franchisee, nor shall they be construed to do so.

B. **No Liability; Indemnification**. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on SCI's behalf, or to incur any debt or other obligation in SCI's name, and that SCI shall in no event assume any liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in Franchisee's construction or operation of the Franchised Business or any claim or judgment arising therefrom against SCI. Franchisee agrees at all times to defend at Franchisee's own cost, and to indemnify and hold harmless, to the fullest extent permitted by law, SCI and its Affiliates, from and against all losses, costs, expenses, damages and liabilities (including reasonable attorneys' fees and expenses) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which is the result of or arises out of, or in connection with, the construction or operation of the Franchised Business or any act occurring on or at the premises of the Franchised Business or any omission relating to the Franchised Business or, without limiting the generality of the foregoing, which arises out of or is based upon any of the following: (i) Franchisee's alleged infringement or any violation or alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (ii) Franchisee's alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (iii) libel, slander or any other form of defamation by Franchisee; (iv) Franchisee's alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; (v) any acts, errors or omissions of Franchisee or any of Franchisee's Affiliates, Interested Parties or employees; (vi) latent or other defects in the Franchised Business, whether or not discoverable by SCI and its Affiliates or Franchisee; (vii) the inaccuracy, lack of authenticity or nondisclosure of any information to any customer of the Franchised Business; (viii) any services or products provided by Franchisee at, from or related to the operation of the Franchised Business; (ix) any action by any customer of the Franchised Business; (x) any allegation that SCI or its Affiliates is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; and (xi) any damage to the property of Franchisee or any Affiliate of Franchisee or any of their respective officers, directors, managers, agents, representatives, employees, successors and assigns, or to SCI and its Affiliates (or any of them) or any third party, whether or not such losses, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of SCI and its Affiliates (or any of them) or resulted from any strict liability imposed on SCI and its Affiliates (or any of them). For purposes of the foregoing indemnity, SCI and its Affiliates includes their respective shareholders, partners,

members and other owners, officers, directors, managers, agents, representatives, employees, successors and assigns.

C. **No False Representations.** Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between SCI and Franchisee is other than that of franchisor and franchisee. SCI does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement, nor will SCI be obligated for any damages to any person or property which directly or indirectly arise from or relate to the construction or operation of the Franchised Business licensed hereby.

XIX. APPROVALS AND WAIVERS

A. **Written Approval.** Whenever SCI's approval, confirmation or consent is required, Franchisee shall make a timely written request to SCI therefor and such approval, confirmation or consent must be obtained in advance and in writing. Unless any approval, confirmation or consent is specifically stated to be in SCI's discretion, such approval, confirmation or consent must not be unreasonably withheld or delayed. A determination whether an approval, confirmation or consent is reasonably withheld shall be based on SCI's need to protect its rights under this Agreement and the integrity, value and reputation of the System. SCI may, but has no duty to, take Franchisee's economic or other circumstances into account. SCI's approval, confirmation or consent is a permission only and not a representation, warranty or assurance.

B. **No Waiver.** No failure of SCI to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of SCI's right to demand exact compliance with any of the terms hereof. Waiver by SCI of any particular default by Franchisee shall not affect or impair SCI's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of SCI to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair SCI's right to exercise the same, nor shall such constitute a waiver by SCI of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by SCI of any amounts due to it hereunder shall not be deemed to be a waiver by SCI of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

C. **LIMITATION OF CLAIMS.** EXCEPT FOR CLAIMS BROUGHT BY SCI WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO SCI AND TO INDEMNIFY SCI PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF FRANCHISEE AND SCI PURSUANT TO THIS AGREEMENT SHALL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

D. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** EXCEPT WITH RESPECT TO FRANCHISEE'S INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION XVIII.B AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, SCI AND FRANCHISEE EACH WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE ARISING FROM THIS AGREEMENT OR ANY BUSINESS, ACTIVITIES OR OPERATIONS UNDERTAKEN PURSUANT TO THIS AGREEMENT, THE PARTY MAKING A CLAIM SHALL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES SUCH PARTY SUSTAINS (INCLUDING PRE-JUDGMENT INTEREST).

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, FRANCHISEE HEREBY WAIVES ANY RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM,

WHETHER AT LAW OR IN EQUITY, ARISING FROM THIS AGREEMENT OR ANY BUSINESS, ACTIVITIES OR OPERATIONS UNDERTAKEN PURSUANT TO THIS AGREEMENT.

XX. NOTICES

All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given in writing (except as otherwise expressly provided herein) if delivered by one of the following methods: (i) by personal delivery or by a reputable delivery service at the street address specified below, or (ii) by first-class, registered or certified mail, postage prepaid, to the post office box specified below or to the street address if no post office box is given. The hand delivery address and mailing address for receipt of notice or other documents by such parties are as follows:

If to SCI: Steri-Clean, Inc.
 3940 Woodside Blvd.
 Hailey, ID 83333

If to Franchisee: _____

Any of the above-mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice hereunder signed on behalf of the notifying party by its identified attorney at law shall be valid and effective to the same extent as if signed by such party. Any notice or other communication shall be deemed delivered when actually received at the address of the party to whom directed or, if sent by mail, three (3) days after such notice or document is deposited in the United States mail, as provided above.

XXI. RELEASE OF PRIOR CLAIMS

By executing this Agreement, Franchisee, individually and on behalf of Franchisee's heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges, to the fullest extent allowed by applicable law, SCI and its Affiliates, and their respective shareholders, partners, members and other owners, officers, directors, managers, agents, representatives, employees, successors and assigns, from any and all claims relating to or arising under any Franchise Agreement or any other agreement between the parties executed prior to the date of this Agreement including any and all claims, whether presently known or unknown, suspected or unsuspected, arising under franchise, securities or antitrust laws of the United States or of any state or territory thereof.

XXII. ACKNOWLEDGMENTS

A. Franchisee acknowledges and agrees that Franchisee is not, nor is Franchisee intended to be, a third-party beneficiary of this Agreement or any other agreement to which SCI is a party.

B. Franchisee acknowledges that Franchisor has and may at different times, in Franchisor's absolute and sole discretion, approve exceptions or changes from the uniform standards of the System, which Franchisor deems desirable or necessary under particular circumstances. Franchisee understands that it has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance by Franchisor in writing. Franchisee understands that existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this agreement.

XXIII. ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the attachments hereto, if any, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and all prior understandings or agreements concerning the subject matter hereof are canceled and superseded by this Agreement; provided, however, nothing herein is intended to disclaim the representations SCI made in the Franchise Disclosure Document that SCI furnished to Franchisee. No amendment, change or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

XXIV. SEVERABILITY AND CONSTRUCTION

A. **Severability.** Except as expressly provided to the contrary in this Agreement, each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if SCI determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, SCI, at its option, may terminate this Agreement.

B. **Covenants.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which SCI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

C. **Captions.** All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof.

D. **References.** All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

XXV. APPLICABLE LAW

A. **GOVERNING LAW.** All matters relating to arbitration shall be governed by the Federal Arbitration Act (9.U.S.C. Section 1, et seq.) (the "FAA"). Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or other Federal law, this Agreement, and the franchise granted hereby, and all claims arising from the relationship between SCI and the Franchisee shall be governed by and construed in accordance with the laws of the state of Idaho, without regard to conflict of laws rules, except that (i) any Idaho laws regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section and (ii) sections VIII. and XV. of this Agreement shall be governed by and construed in accordance with the laws of the state in which the Franchised Business is located.

B. **JURISDICTION AND VENUE.** To the fullest extent permitted by applicable law and subject to Section XXVI. (arbitration), Franchisee agrees that any action brought by Franchisee against SCI shall be brought in the state courts or in the U.S. District Court of the jurisdiction in which SCI has its principal place of business at the time such proceeding is commenced, and Franchisee waives its right to bring any action against SCI in any other jurisdiction or venue. Additionally, to the fullest extent permitted by applicable law, Franchisee hereby submits to the jurisdiction of such courts, and Franchisee waives any right it may have to object to such jurisdiction and venue. Nonetheless, Franchisee agrees that SCI may enforce this agreement and any arbitration orders and awards in the courts of the state or states in which franchisee is domiciled or the franchised business is located.

C. **Remedy.** No right or remedy conferred upon or reserved by SCI or Franchisee by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

D. **Injunctive Relief.** Nothing herein contained shall bar SCI's right to obtain injunctive relief against threatened conduct that will cause it loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. SCI shall not be required to post a bond in excess of one thousand dollars (\$1,000) or other security with respect to obtaining any such equitable relief.

XXVI. DISPUTE RESOLUTION

If a dispute arises between the parties relating to this Agreement, the parties agree to the following procedure for the resolution of the dispute: (i) a meeting shall be held promptly between the parties, attended by individuals with decision-making authority, to attempt in good faith to negotiate a resolution of the dispute within fourteen (14) days from the date of initial request by either party ("Informal Mediation"); (ii) if, within thirty (30) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they agree to submit the dispute to mediation and to bear equally the costs of the mediation ("Formal Mediation"); (iii) the parties will jointly appoint a mutually acceptable mediator and agree to participate in good faith in the Formal Mediation and negotiations related thereto within thirty (30) days of request by either party to mediate the dispute; (iv) if the parties are not successful in resolving the dispute through the mediation, then the parties agree that the dispute shall, at the request of either party, be finally settled by binding arbitration as described below. Failure or refusal by either party to participate in (a) an Informal Mediation; (b) Formal Mediation unless settled in Informal Mediation; and (c) binding arbitration, unless settled in Informal Mediation or Formal Mediation, shall result in a full waiver and forfeiture of attorneys' fees and provided costs should said party be awarded such in a later proceeding.

The parties agree that all controversies, disputes or claims between SCI and its Affiliates, or any of them, on the one hand, and Franchisee or any Affiliate of Franchisee and any of their respective officers, directors, managers, agents, representatives, employees, successors and assigns, on the other hand, arising out of or relating to (i) this Agreement or any other agreement between SCI and Franchisee, (ii) the relationship between SCI and Franchisee, (iii) the scope and validity of this Agreement or any other agreement between SCI and Franchisee or any provision of such agreements (including, but not limited to, the validity and scope of the arbitration obligations under this Section XXVI, which the parties hereby acknowledge and agree is to be determined by an arbitrator and not a court) or (iv) the Franchised Business (including contract, tort and statutory claims) shall be submitted for binding arbitration, on demand of either party and within sixty (60) days of such demand, to the JAMS (formerly, the Judicial Arbitration and Mediation Services, Inc.). All proceedings shall be conducted in Ada County, Idaho. All matters relating to arbitration will be governed by the then current JAMS rules for arbitration of disputes. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction. Any party that does not pay their portion of Formal Mediation or Binding Arbitration shall not be able to participate in Formal Mediation or Binding Arbitration. Actual direct costs of Formal Mediation and Binding Arbitration can be granted to the prevailing party.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and provided costs, that the arbitrator may not declare any Mark generic or otherwise invalid, nor make any determination regarding the ownership, validity, or enforceability of any intellectual property rights owned or controlled by SCI or, except as expressly provided in Section XIX.C, award any punitive or exemplary damages against either party.

SCI and Franchisee agree that arbitration will be conducted on an individual basis, that neither party shall pursue class claims, and that an arbitration proceeding between SCI and its Affiliates, or any of them, on the one hand, and Franchisee or any Affiliate of Franchisee and any of their respective officers, directors, managers, agents, representatives, employees, successors and assigns, on the other hand, may not be consolidated with any other arbitration proceeding to which SCI is a party. Notwithstanding the foregoing or anything to the contrary in Section XXIV.A or this Section XXVI, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would

be subject to arbitration under this Section XXVI, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with Section XXV.

Notwithstanding anything to the contrary contained in this Section XXVI, SCI and Franchisee each have the right in a proper case to bring an action to obtain a temporary restraining order or temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, that the dispute must be contemporaneously submitted for arbitration on the merits as provided in this Section XXVI.

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

For purposes of this Section XXVI, SCI and its Affiliates includes their respective shareholders, partners, members and other owners, officers, directors, managers, agents, representatives, employees, successors, assigns, and any other entities under their control.

Notwithstanding any provision contained in this Section XXVI, SCI may bring an action for injunctive relief in any court having jurisdiction to defend or enforce any rights associated with the Marks or any of its proprietary rights, any covenant of nondisclosure of Confidential Information or Trade Secrets under this Agreement, and any covenant of noncompetition under this Agreement, in order to avoid irreparable harm to SCI, its Affiliates or the System as a whole.

XXVII. MISCELLANEOUS

A. **Execution/ Counterparts.** This Agreement may be executed in multiple counterparts, including by electronic or digital signatures in accordance with applicable law, each of which when signed shall be deemed an original, and all of which, when taken together, shall constitute one and the same Agreement.

B. **Force Majeure.** Neither Franchisor nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, or inadequate supply of labor, supplies, material or energy; (2) acts of God; (3) acts or omissions of the other party; (4) fires, strikes, embargoes, war, riot, pandemic, epidemic, or public health emergency; (5) governmental actions or restrictions; or (6) any other similar event or cause beyond the reasonable control of the affected party. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said cause shall not excuse payment of amounts owed at the time of such occurrence or thereafter and as soon as possible the non-performing party shall immediately resume performance and, in no event, shall non-performance be excused for more than six (6) months.

C. **Action by Others.** Where Franchisee is prohibited by this Agreement from directly taking any action, or where action by Franchisee would constitute a breach, Franchisee agrees that it will not encourage, authorize or permit any other Person, directly or indirectly or under its direct or indirect Control, to take such action.

D. **Survival.** All provisions which as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, shall continue in full force and effect despite the absence of such specific language with respect to each of them.

E. **Use of Definitions.** Use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used.

F. **Internal Policies.** SCI's internal policies and procedures, whether or not communicated to Franchisee, are intended for SCI's use only, are not binding on SCI with respect to its relationship with Franchisee, and are not part of or an amendment to this Agreement.

G. **Attachments.** All attachments, exhibits, addenda, schedules and riders to this Agreement are a part of this Agreement and by reference thereto are fully incorporated into this Agreement.

H. **Time of Performance.** Time is of the essence for all purposes of this Agreement.

I. **Terrorist Acts.** Franchisee acknowledges that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "Order"), SCI is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism,

as defined in the Order. Accordingly, Franchisee represents and warrants to SCI that, as of the date of this Agreement, no person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by SCI, and that Franchisee: (i) does not, and hereafter will not, engage in any terrorist activity; (ii) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

J. **Franchisee Acknowledgment.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first written above.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FRANCHISEE(S):

If Franchisee is an individual(s) then Franchisee must sign below. By signing below, the undersigned individuals do hereby acknowledge that they individually, jointly and severally execute this Franchise Agreement as the Franchisee.

Name: _____
Title: Individual

Name: _____
Title: Individual

Name: _____
Title: Individual

Name: _____
Title: Individual

Attachment A

SITE SELECTION ADDENDUM

This **SITE SELECTION ADDENDUM** is made this ____ day of _____, _____, by and between **STERI-CLEAN, INC.**, an Idaho corporation (“SCI”) and _____, a _____, (“Franchisee”);

WITNESSETH:

THAT WHEREAS, SCI and Franchisee are parties to a Franchise Agreement dated _____, (the “Franchise Agreement”) by the terms of which SCI has granted to Franchisee the right and license to construct and operate a Steri-Clean Franchised Business (the “Business”) pursuant to SCI’s System and Marks; and

WHEREAS, Franchisee has selected and presented to SCI a proposed site which SCI has confirmed meets its requirements;

NOW, THEREFORE, the parties hereto, intending to be bound, agree as follows:

1. **Location; Territory.**

- a. The confirmed site (the “Location”) is within the Territory, more particularly described as: _____.
- b. The Location shall constitute the confirmed site referred to in Section I.B of the Franchise Agreement.
- c. The Territory referred to in Section I.C of the Franchise Agreement shall be as follows: _____

-
- d. The population of the Territory shall be as follows: _____
 - e. The Initial Franchise Fee shall be as follows: \$ _____

2. **Franchisee’s Representations, Warranties and Covenants.** Franchisee represents, warrants, covenants, and agrees as follows:

- a. That, with respect to the proposed form of lease agreement for the Location to be submitted to SCI for its review and confirmation under the Franchise Agreement, Franchisee will ensure the initial term of the lease, or the initial term together with any renewal terms (for which rent shall be set forth in the lease), shall be for not less than five (5) years; and
- b. That Franchisee hereby ratifies, confirms and restates all of the covenants (including, without limitation, the covenants not to compete) set forth in Section XV of the Franchise Agreement in reference to the Location as described in this Site Selection Addendum.

3. **Miscellaneous.**

- a. All capitalized terms not defined herein shall have the meanings given to them in the Franchise Agreement.
- b. This Site Selection Addendum constitutes an integral part of the Franchise Agreement, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Site Selection Addendum on the day and year first above written.

[Signatures on the following page]

SCI:

FRANCHISEE:

STERI-CLEAN, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The undersigned, as guarantors under that certain Guaranty guaranteeing the performance of all obligations of Franchisee under the Franchise Agreement, hereby consent to the within and foregoing Site Selection Addendum and agree that notwithstanding the execution of same, the Guaranty is and remains in full force and effect, and the obligations of the Guaranty extend to the obligations under this Site Selection Addendum.

Name: _____

Name: _____

Name: _____

Name: _____

Attachment B

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

As of the Effective Date of the Franchise Agreement, Franchisee acknowledges and represents that:

1. The following is a list of all Principals who are shareholders, partners, members, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of their interests:

| Name | Percentage of Ownership and Nature of Interest |
|------|---|
| | |
| | |
| | |

2. The following is a list of all Principals described in and designated pursuant to the Franchise Agreement.

| |
|--|
| |
| |
| |
| |

The "Managing Principal" (as defined in the Franchise Agreement) is:

| Name | Percentage of Ownership |
|------|-------------------------|
| | |

FRANCHISEE:

By: _____

Name: _____

Title: _____

Attachment C

GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____, 20____, and any and all revisions, modifications and amendments thereto, (hereinafter collectively the "Agreement"), by and between STERI-CLEAN, INC., a Idaho corporation, for itself and for its Affiliates (hereinafter, collectively, "SCI") and _____, a _____ (hereinafter "Franchisee"), each of the undersigned "Guarantors" (herein so called) agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guarantee the full, prompt and complete performance of Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to SCI, and its successors and assigns, under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against Franchisee or whether Franchisee is joined in any such action. If SCI, its successors and assigns, are required to enforce this Guaranty in a judicial or arbitration proceeding and prevail in such proceeding, SCI, its successors and assigns, shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If SCI, its successors and assigns, is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse SCI, its successors and assigns, for all of the foregoing costs and expenses so incurred.

3. If the Franchisee is a corporation, partnership, limited liability company or other legal entity, SCI, its successors and assigns, shall not be obligated to inquire into the power or authority of Franchisee or its officers, directors, agents, managers, representatives, employees or other Persons acting or purporting to act on Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations, partnerships, limited liability companies or other legal entities, it shall be conclusively presumed that the Guarantors and all shareholders, partners, members and other owners of such entities, and all officers, directors, agents, managers, representatives, employees or other Persons acting on their behalf have the express authority to bind such entities and that such entities have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such entities.

4. SCI, its successors and assigns, may from time to time, without notice to the undersigned:

- a. resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors and assigns have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness;
- (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness;
- (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period);
- (d) alter, amend or exchange any of the indebtedness; or
- (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned each further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including, without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and SCI, its successors and assigns, resulting from or arising out of the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, heirs, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. The undersigned do hereby further covenant and agree that each of the undersigned are hereby bound by those certain terms, obligations, covenants and conditions of the Agreement with respect to the following:

- i. Section XII.B entitled "Transfer by Franchisee.";
- ii. Section XII.C entitled "Transfer to Legal Entity.";
- iii. Section XII.E entitled "SCI's Right of First Refusal.";
- iv. Section XII.F entitled "Transfer Upon Death or Disability.";
- v. Section XII.G entitled "Non-Waiver of Claims.";
- vi. Section XIX.B entitled "No Waiver.";
- vii. Section XIX.D entitled "Waiver of Punitive Damages and Jury Trial.";
- viii. Section XXI entitled "Release of Prior Claims.";
- ix. Section XXV entitled "Applicable Law.";
- x. Section XXVI entitled "Dispute Resolution."; and
- xi. Section XXVII.D entitled "Survival."

The undersigned each agree that the references to the "Franchisee" in the Sections referenced hereinabove shall include and be applicable to each of the undersigned.

9. All capitalized terms not defined herein shall have the meanings given to them in the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Guarantee as of the ____ day of _____, _____.

Name: _____
Home Address: _____

Telephone: _____
Date: _____

Name: _____
Home Address: _____

Telephone: _____
Date: _____

Attachment D-1

NONCOMPETITION AGREEMENT (EQUITY INTEREST OWNERS)

FRANCHISE AGREEMENT between STERI-CLEAN, INC. and _____ dated _____, _____, as same may be amended from time to time.

This Noncompetition Agreement (this "Agreement"), made as of this _____ day of _____, _____, between STERI-CLEAN, INC., an Idaho corporation ("SCI"), and _____, a _____ (hereinafter "Second Party") of _____ ("Franchisee"), with the principal place of business of _____.

DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

Affiliate. Any Person Controlled by, Controlling or under common Control with either party.

Confidential Information. Any information or data, other than Trade Secrets, that is of value and treated as confidential by SCI.

Control. The right or ability, directly or indirectly, to cause a Person to act in accordance with another Person's instructions.

Equity Interest. Any stock, partnership, membership, unit or other ownership interest in Franchisee.

Franchised Business. The System Business that is the subject of the Franchise Agreement at the Location which includes (i) the real estate at the Location, including all land, improvements, buildings, facilities, fixtures, appurtenances, landscaping, and all entry, exit and parking areas now located or hereafter constructed thereon, and (ii) all furniture, furnishings, fixtures, outfittings, finishes, and equipment, including decorating accessories and interior and exterior signs used in connection with the operation of a System Business.

Franchise Agreement. The Franchise Agreement between SCI and Franchisee referenced at the beginning of this Agreement.

Franchisee. The Person or entity identified as Franchisee at the beginning of this Agreement.

Location. The specific site of the Franchised Business selected by Franchisee, confirmed by SCI and particularly described in that certain exhibit to the Franchise Agreement titled "Territory" executed and delivered by SCI and Franchisee pursuant to the Franchise Agreement having the street address indicated at the beginning of this Agreement. The term "Location" shall be deemed to include any Substitute Location to which the Franchised Business may be relocated in accordance with the Franchise Agreement.

Marks. The Primary Marks and all other trade names, service marks, trademarks, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress, interior and exterior designs and specifications, and the motif, décor and color scheme and other visual identification by which the System is identified and publicized, whether now existing or hereafter created and designated as "Marks" by SCI.

Owner. Any Person who owns any Equity Interest, directly or indirectly in the Franchised Business.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, unincorporated organizations and governmental agencies, departments and branches.

Primary Marks. "Steri-Clean®", "Steri-Clean®" design, "Restoring Homes and Lives" and "1-800-HOARDERS.COM".

System. The proprietary business format and operating system developed and owned by SCI, as modified by SCI from time to time, for the development and operation of a Franchised Business that cleans property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal, including the Marks that

identify System Business' affiliation with the System, the Trade Secrets, the Confidential Information and all goodwill associated with the System.

System Business. A business operated using the System pursuant to a written franchise agreement with SCI.

Trade Secrets. Any information, without regard to form, related to SCI and its Affiliates, including technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, forms, costs of materials and supplies, financial data, financial plans, product plans, marketing information, methods of inventory control, operational systems, management techniques, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

RECITALS

SCI is in the business of licensing others to develop and operate System Business at specific locations pursuant to written Franchise Agreements in accordance with the System. Under the Franchise Agreement, SCI requires that Franchisee cause each Owner of an Equity Interest in Franchisee to execute and deliver an agreement in the form hereof. Second Party is the Owner of an Equity Interest in Franchisee and acknowledges that the experience, training and assistance offered by SCI under the Franchise Agreement, and Second Party's close contact with and knowledge of the System, could permit Second Party to take unfair and undue advantage of SCI and Franchisee by competing with Franchisee (and other franchisees of SCI under the System) during and after the period Second Party is the Owner of an Equity Interest in Franchisee. Second Party also acknowledges that the System as a whole, and the collective experience and expertise of SCI and Franchisee, constitute a protectable interest of SCI. Accordingly, SCI desires to prevent Second Party from unfairly competing with SCI, Franchisee, and other franchisees of SCI under the System as hereinafter provided.

NOW, THEREFORE, for and in consideration of the foregoing Definitions and Recitals, which are incorporated herein as a material part of this Agreement, and the covenants contained herein, and other valuable consideration, the parties agree as follows:

1. COVENANT NOT TO COMPETE

1.1. **Business.** Second Party recognizes and acknowledges that Franchisee will develop and operate, or has developed and is now operating, a System Business which cleans property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal. System Business are identified and distinguished by the high quality of their rendered services, by uniform standards and procedures of operation, and by the Marks.

1.2. **Transfer of Equity Interest.** Second Party hereby acknowledges its receipt of a copy of the Franchise Agreement and agrees to be bound by the provisions thereof regarding the transfer of interests in Franchisee.

1.3. Noncompetition.

Second Party shall not, during the term of the Franchise Agreement, and for so long during the term of the Franchise Agreement as Second Party shall remain the Owner of an Equity Interest in Franchisee, on Second Party's own account or as a shareholder, partner, member or other owner, officer, director, manager, agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any business that markets, sells, offers and/or provides biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab

and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal or related services that currently are offered by Steri-Clean businesses located anywhere (“Competitive Business”).

Second Party shall not, for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (i) the date on which the Second Party ceases to be the Owner of an Equity Interest in Franchisee or (ii) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), on Second Party’s own account or as a shareholder, partner, member or other owner, officer, director, manager, agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any business promoting or featuring hoarding, biohazard clean-up, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal products or services and which is located (a) at the Location, or (b) within a radius of one-hundred (100) miles of the Location; or (c) within a one hundred (100) mile radius of the Location as of the date of termination or expiration; or (d) within a radius of one-hundred (100) miles of any other System Business in operation or under development on the date Second Party ceases to be an Owner of an Equity Interest in Franchisee or the date of expiration or termination of the Franchise Agreement.

Second Party acknowledges and agrees that the type and period of restrictions imposed by the covenants in this Agreement are fair and reasonable. If the scope of any limitations and restrictions imposed by the covenants in this Agreement are too broad to permit enforcement thereof as written, then such limitations or restrictions shall be enforced to the maximum extent permitted by law and Second Party and SCI hereby expressly consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such limitations or restrictions.

This Section 1.3 shall not apply to any competing businesses expressly authorized by SCI in writing.

1.4. Non-solicitation of Employees. Second Party shall not, (i) for so long during the term of the Franchise Agreement as Second Party shall remain the Owner of any percentage of Equity Interest in Franchisee and (ii) for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (a) the date on which Second Party ceases to be the Owner of an Equity Interest in Franchisee or (b) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), directly or indirectly solicit, entice or induce, directly or indirectly, any employee, independent contractor, or agent of SCI or any SCI Affiliate, SCI System Business, or Franchisee to leave their employment to work for Second Party or with any person or entity with whom or with which Second Party is or becomes Affiliated.

1.5. Modification of Covenants. Second Party understands, acknowledges and agrees that SCI shall have the right, in its sole discretion, to reduce the scope of any covenant set forth herein or any portion thereof, without Second Party’s consent, effective immediately upon receipt by Second Party of written notice thereof, and Second Party agrees to forthwith comply with any covenant as so modified.

1.6. Severability. The covenants contained in this Agreement shall be construed as agreements severable from and independent of each other and of any other provision of this or any other contract or agreement between the parties hereto. The existence of any claim or cause of action by Second Party against SCI or Franchisee, whether predicated upon this or any other contract or agreement, shall not constitute a defense to the enforcement by SCI of said covenants.

1.7. Injunction. Second Party recognizes and agrees that the injury Franchisee and/or SCI will suffer in the event of Second Party’s breach of any covenant or agreement contained in this Agreement cannot be compensated by monetary damages alone, and Second Party therefore agrees that in the event of a breach or threatened breach by Second Party of any of the provisions of this Agreement, Franchisee and SCI, in addition to and not in limitation of, any other rights, remedies or damages available to Franchisee and SCI at law, in equity, under this Agreement or otherwise, shall each be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Second Party. Neither Franchisee nor SCI shall be required to post a bond in excess of \$1,000 or other security with respect to obtaining any such equitable relief. Second Party shall pay any and all costs and expenses (including, without limitation, reasonable attorneys’ fees and expenses) incurred by Franchisee or SCI in enforcing their respective rights under this Agreement.

1.8. Liquidated Damages. It is agreed that the breach of this Agreement could cause SCI irreparable damage for which SCI could not be adequately compensated. In addition to the right to obtain injunctive

relief, and due to the difficulty of ascertaining with any reasonable degree of certainty the damages that might be suffered, the parties hereto agree that, in the event there is any violation of the provisions of this covenant regarding trade secrets, there will be paid as liquidated damages to Owner the sum of \$100,000 for any individual breach. Furthermore, the parties hereto agree that, because of the nature of SCI's franchise and Second Party's familiarity therewith, the above amount of liquidated damages is difficult to determine and is therefore reasonable.

1.9. Reasonability. Second Party acknowledges and agrees that the type and period of restrictions imposed by all of the covenants in this Agreement are fair and reasonable and that such limitations and restrictions will not prevent Second Party from earning a livelihood. If the scope of any limitations and restrictions imposed by the covenants in this Agreement are too broad to permit enforcement thereof as written, then such limitations or restrictions shall be automatically modified and enforced to the maximum extent permitted by law, without affecting the validity of any other provisions of this Agreement, and Second Party and SCI hereby expressly consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such limitations or restrictions.

2. MISCELLANEOUS

2.1. Use of Definitions. The use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used.

2.2. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their successors and permitted assigns. SCI may assign its rights and obligations under this Agreement to any Person without the consent of Second Party. Second Party may not assign any of Second Party's rights or obligations under this Agreement.

2.3. Survival. The obligations of Second Party shall survive the expiration or termination of the Franchise Agreement (regardless of the cause of termination), and Second Party's transfer or assignment of Second Party's Equity Interest in Franchisee.

2.4. Waiver. Any written waiver of any event of breach or default or of any right to specific performance shall not constitute a subsequent or continuing waiver or breach or default of a right to specific performance. No waiver of any provision of this Agreement or of the rights and obligations of Second Party shall be effective unless in writing and waived by SCI. Any such waiver of SCI shall be effective only in the specific instance and for the specific purpose stated in such writing.

2.5. Duplicates. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

2.6. Entire Agreement. This Agreement contains the entire agreement of the parties. It may not be changed orally but only by an amendment in writing signed by the party against whom enforcement is sought. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any continuing or subsequent breach of that provision or of any other provision of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state of Idaho.

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

SCI:
STERI-CLEAN, INC.

By: _____
Name: _____
Title: _____

SECOND PARTY:

By: _____
Name: _____
Title: _____

Attachment D-2

NONCOMPETITION AGREEMENT (EMPLOYEES)

This Noncompetition Agreement (this "Agreement"), made as of the ____ day of _____, _____, among _____, a _____, ("Franchisee") which entered that certain Franchise Agreement with STERI-CLEAN, INC., an Idaho corporation ("SCI") dated _____, _____, as same may be amended from time to time (the "Franchise Agreement"), and _____, a _____, ("Second Party");

DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

Affiliate. Any Person Controlled by, Controlling or under common Control with either party.

Confidential Information. Any information or data, other than Trade Secrets, that is of value and treated as confidential by SCI.

Control. The right or ability, directly or indirectly, to cause a Person to act in accordance with another Person's instructions.

Equity Interest. Any stock, partnership, membership, unit or other ownership interest in Franchisee.

Franchised Business. The System Business that is the subject of the Franchise Agreement at the Location which includes (i) the real estate at the Location, including all land, improvements, buildings, facilities, fixtures, appurtenances, landscaping, and all entry, exit and parking areas now located or hereafter constructed thereon, and (ii) all furniture, furnishings, fixtures, outfittings, finishes, and equipment, including decorating accessories and interior and exterior signs used in connection with the operation of a System Business.

Franchise Agreement. The Franchise Agreement between SCI and Franchisee referenced at the beginning of this Agreement.

Franchisee. The Person or entity identified as Franchisee at the beginning of this Agreement.

Location. The specific site of the Franchised Business selected by Franchisee, confirmed by SCI and particularly described in that certain exhibit to the Franchise Agreement titled "Territory" executed and delivered by SCI and Franchisee pursuant to the Franchise Agreement having the street address indicated at the beginning of this Agreement. The term "Location" shall be deemed to include any Substitute Location to which the Franchised Business may be relocated in accordance with the Franchise Agreement.

Marks. The Primary Marks and all other trade names, service marks, trademarks, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress, interior and exterior designs and specifications, and the motif, décor and color scheme and other visual identification by which the System is identified and publicized, whether now existing or hereafter created and designated as "Marks" by SCI.

Owner. Any Person who owns any Equity Interest, directly or indirectly in the Franchised Business.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, unincorporated organizations and governmental agencies, departments and branches.

Primary Marks. "Steri-Clean®", "Steri-Clean®" design, "Restoring Homes and Lives" and "1-800-HOARDERS.COM"

System. The proprietary business format and operating system developed and owned by SCI, as modified by SCI from time to time, for the development and operation of a Franchised Business that cleans property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up, as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal including the Marks that identify System Business' affiliation with the System, the Trade Secrets, the Confidential Information and all goodwill associated with the System.

System Business. A business operated using the System pursuant to a written franchise agreement with SCI.

Trade Secrets. Any information, without regard to form, related to SCI and its Affiliates, including technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, methods of inventory control, operational systems, management techniques, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

RECITALS

SCI is in the business of licensing others to develop and operate System Business at specific locations pursuant to written Franchise Agreements in accordance with the System. Under the Franchise Agreement, SCI requires that a properly executed agreement in the form hereof be obtained by Franchisee from each of Franchisee's manager and assistant managers and, in addition, from any other employees of Franchisee to whom any of SCI's Trade Secrets or Confidential Information may be disclosed, subject in any event to the restrictions on disclosure as set forth in the Franchise Agreement. Second Party is an employee of Franchisee and acknowledges that by virtue of Second Party's relationship with Franchisee, Second Party may receive, otherwise obtain or have access to certain Trade Secrets and Confidential Information in which SCI has a protectable interest. Accordingly, SCI desires to prevent Second Party from disclosing any such Trade Secrets and Confidential Information as hereinafter provided.

NOW, THEREFORE, for and in consideration of the foregoing Definitions and Recitals, which are incorporated herein as a material part of this Agreement, and the covenants contained herein, and other valuable consideration, the parties agree as follows:

1. COVENANT NOT TO COMPETE

1.1. Business. Second Party recognizes and acknowledges that Franchisee will develop and operate, or has developed and is now operating, a System Business which cleans property, such as residences, vehicles, business facilities, and roadways, and remediates biohazards resulting from crimes, trauma, unattended death, hoarding and other conditions requiring specialized clean-up, as well as providing services including, but not limited to, air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal. System Business are identified and distinguished by the high quality of their rendered services, by uniform standards and procedures of operation, and by the Marks.

1.2. Noncompetition.

Second Party shall not, for so long as Second Party shall remain an Employee of Franchisee, on Second Party's own account or as a shareholder, partner, member or other owner, officer, director, manager, agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any business that markets, sells, offers and/or provides biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal or related services that currently are offered by Steri-Clean businesses located anywhere ("Competitive Business").

Second Party shall not, for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (i) the date on which the Second Party ceases to be an employee of Franchisee or (ii) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), on Second Party's own account or as a shareholder, partner, member or other owner, officer, director, manager,

agent, representative, employee or consultant of any Person own, operate, lease, franchise, license, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any business promoting or featuring biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal products or services and which is located (a) at the Location, or (b) within a radius of one-hundred (100) miles of the Location; or (c) within a one hundred (100) mile radius of the Location as of the date the Second Party ceases to be an employee of Franchisee or the date termination or expiration of the Franchise Agreement; or (d) within a radius of one-hundred (100) miles of any other System Business in operation or under development on the date Second Party ceases to be an employee of Franchisee or the date of expiration or termination of the Franchise Agreement.

Second Party acknowledges and agrees that the type and period of restrictions imposed by the covenants in this Agreement are fair and reasonable. If the scope of any limitations and restrictions imposed by the covenants in this Agreement are too broad to permit enforcement thereof as written, then such limitations or restrictions shall be enforced to the maximum extent permitted by law and Second Party, Franchisee and SCI hereby expressly consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such limitations or restrictions.

1.3. Non-solicitation of Employees. Second Party shall not, (i) for so long during the term of the Franchise Agreement as Second Party shall remain an employee of Franchisee and (ii) for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (a) the date on which Second Party ceases to be an employee of Franchisee or (b) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), directly or indirectly solicit, entice, induce, or attempt to solicit, entice or induce, any employee, independent contractor, or agent of SCI or any SCI Affiliate, SCI System Business, or Franchisee to leave their employment to work for Second Party or with any person or entity with whom or with which Second Party is or becomes Affiliated.

1.4. Modification of Covenants. Second Party understands, acknowledges and agrees that only SCI shall have the right, in its sole discretion, to reduce the scope of any covenant set forth herein or any portion thereof, without Second Party's consent, effective immediately upon receipt by Second Party of written notice thereof, and Second Party agrees to forthwith comply with any covenant as so modified.

1.5. Severability. The covenants contained in this Agreement shall be construed as agreements severable from and independent of each other and of any other provision of this or any other contract or agreement between the parties hereto. The existence of any claim or cause of action by Second Party against Franchisee, whether predicated upon this or any other contract or agreement, shall not constitute a defense to the enforcement by SCI or Franchisee of said covenants.

1.6. Injunction. Second Party recognizes and agrees that the injury Franchisee and/or SCI will suffer in the event of Second Party's breach of any covenant or agreement contained in this Agreement cannot be compensated by monetary damages alone, and Second Party therefore agrees that in the event of a breach or threatened breach by Second Party of any of the provisions of this Agreement, Franchisee and SCI, in addition to and not in limitation of, any other rights, remedies or damages available to Franchisee and SCI at law, in equity, under this Agreement or otherwise, shall each be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Second Party. Neither Franchisee nor SCI shall be required to post a bond in excess of \$1,000 or other security with respect to obtaining any such equitable relief. Second Party shall pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Franchisee or SCI in enforcing their respective rights under this Agreement.

1.7. Liquidated Damages. It is agreed that the breach of this Agreement could cause SCI and Franchisee irreparable damage for which SCI and Franchisee could not be adequately compensated. In addition to the right to obtain injunctive relief, and due to the difficulty of ascertaining with any reasonable degree of certainty the damages that might be suffered, the parties hereto agree that, in the event there is any violation of the provisions of this covenant regarding trade secrets, there will be paid as liquidated damages to SCI the sum of \$100,000 for each individual breach, which amount represents a reasonable estimate of the actual damages SCI would suffer from such a breach, including but not limited to loss of competitive advantage, damage to the System, cost of protecting trade secrets, and potential lost profits.

Furthermore, the parties hereto agree that, because of the nature of SCI's franchise and Second Party's familiarity therewith, the above amount of liquidated damages is difficult to determine and is therefore reasonable.

1.8. Reasonability. Second Party acknowledges and agrees that the type and period of restrictions imposed by all of the covenants in this Agreement are fair and reasonable and that such limitations and restrictions will not prevent Second Party from earning a livelihood. If the scope of any limitations and restrictions imposed by the covenants in this Agreement are too broad to permit enforcement thereof as written, then such limitations or restrictions shall be enforced to the maximum extent permitted by law, and Second Party, Franchisee, and SCI hereby expressly consent and agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such limitations or restrictions.

2. MISCELLANEOUS

2.1. Use of Definitions. The use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used.

2.2. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their successors and permitted assigns. SCI may assign its rights and obligations under this Agreement to any Person without the consent of Franchisee or Second Party. Second Party may not assign any of Second Party's rights or obligations under this Agreement.

2.3. Survival. The obligations of Second Party shall survive the expiration or termination of the Franchise Agreement (regardless of the cause of termination) and Second Party's employment with Franchisee.

2.4. Waiver. Any waiver of any event of breach or default or of any right to specific performance shall not constitute a subsequent or continuing waiver or breach or default of a right to specific performance. No waiver of any provision of this Agreement or of the rights and obligations of Second Party shall be effective unless in writing and waived by both SCI and Franchisee. Any such waiver of both SCI and Franchisee shall be effective only in the specific instance and for the specific purpose stated in such writing.

2.5. Duplicates. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

2.6. Entire Agreement. This Agreement contains the entire agreement of the parties. It may not be changed orally but only by an amendment in writing signed by the party against whom enforcement is sought. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any continuing or subsequent breach of that provision or of any other provision of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Franchised Business is located.

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

FRANCHISEE:

By: _____
Name: _____
Title: _____

SECOND PARTY:

By: _____
Name: _____
Title: _____

Attachment E-1

CONFIDENTIALITY AGREEMENT
(EQUITY INTEREST OWNERS)

FRANCHISE AGREEMENT between STERI-CLEAN, INC. and _____, dated _____, _____, as same may be amended from time to time.

This Confidentiality Agreement (this "Agreement"), made as of this _____ day of _____, _____, between STERI-CLEAN, INC., an Idaho corporation ("SCI"), and _____, a _____ (owner/partner/manager/key employee) of _____ ("Franchisee"), with the principal place of business of _____ ("Second Party");

DEFINITIONS:

For purposes of this Agreement, the following terms shall have the following meanings:

Affiliate. Any Person Controlled by, Controlling or under common Control with either party.

Confidential Information. Any information or data, other than Trade Secrets, that is of value and treated as confidential by SCI.

Control. The right or ability, directly or indirectly, to cause a Person to act in accordance with another Person's instructions.

Equity Interest. Any stock, partnership, membership, unit or other ownership interest in Franchisee.

Franchise Agreement. The Franchise Agreement between SCI and Franchisee referenced at the beginning of this Agreement.

Franchisee. The Person identified as such at the beginning of this Agreement.

Manual. The manual, as may be modified from time to time, is the primary source of information regarding the System and the construction and operation of System Businesses, and any supplemental bulletins, notices, revisions, modifications or amendments thereto, and any additional sections hereafter promulgated by SCI, all of which shall be deemed a part thereof. The Manual may be in electronic or hard copy form, or both.

Marks. The Primary Marks and all other trade names, service marks, trademarks, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress, interior and exterior designs and specifications, and the motif, décor and color scheme and other visual identification by which the System is identified and publicized, whether now existing or hereafter created and designated as "Marks" by SCI.

Owner. Any Person who owns any Equity Interest, directly or indirectly in the Franchised Business.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, unincorporated organizations and governmental agencies, departments and branches.

Primary Marks. "Steri-Clean®", "Steri-Clean®" design, "Restoring Homes and Lives" and "1-800-HOARDERS.COM".

System. The proprietary business format and operating system developed and owned by SCI, as modified by SCI from time to time, for the development and operation of a Franchised Business that markets, sells, offers and/or provides biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal, including the Marks that identify System Business' affiliation with the System, the Trade Secrets, the Confidential Information and all goodwill associated with the System.

System Business. A business operated using the System pursuant to a written Franchise Agreement with SCI.

Trade Secrets. Any information, without regard to form, related to SCI and its Affiliates, including

technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, forms, costs of materials and supplies, financial data, financial plans, product plans, marketing information, methods of inventory control, operational systems, management techniques, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

RECITALS:

SCI is in the business of licensing others to develop and operate System Business at specific locations pursuant to written Franchise Agreements in accordance with the System. Under the Franchise Agreement, SCI requires that Franchisee cause each Owner of an Equity Interest in Franchisee to execute and deliver an agreement in the form hereof. Second Party is the Owner of an Equity Interest in Franchisee and acknowledges that the experience, training and assistance offered by SCI under the Franchise Agreement, and Second Party's close contact with and knowledge of the System, could permit Second Party to take unfair and undue advantage of SCI and Franchisee by competing with Franchisee (and other franchisees of SCI under the System) during and after the period Second Party is the Owner of an Equity Interest in Franchisee. Second Party also acknowledges that the System as a whole, and the collective experience and expertise of SCI and Franchisee, constitute a protectable interest of SCI. Accordingly, SCI desires to prevent Second Party from unfairly competing with SCI, Franchisee, and other franchisees of SCI under the System as hereinafter provided.

NOW, THEREFORE, for and in consideration of the foregoing Definitions and Recitals, which are incorporated herein as a material part of this Agreement, and the covenants contained herein, and other valuable consideration, the parties agree as follows:

1. DISCLOSURE OF INFORMATION

1.1. Business. Second Party recognizes and acknowledges that Franchisee will develop and operate, or has developed and is now operating, a System Business and that such activities have involved, and continue to involve, the entrustment to Second Party of confidential, restricted and proprietary information of SCI, including Trade Secrets and Confidential Information.

1.2. Ownership. If Second Party has assisted in the preparation of any information that SCI considers to be a Trade Secret or Confidential Information, Second Party hereby assigns any and all rights, title, and interest that he or she may have in the Confidential Information as its creator or co-creator to SCI.

1.3. Transfer of Equity Interest. Second Party hereby acknowledges its receipt of a copy of the Franchise Agreement and agrees to be bound by the provisions thereof regarding the transfer of interests in Franchisee.

1.4. Covenant Not to Disclose Trade Secrets. Except to the extent it is necessary to use such information or data in the performance of Franchisee's express obligations under the Franchise Agreement, for so long as Second Party shall remain the Owner of an Equity Interest in Franchisee and for so long afterwards as the information or data remain Trade Secrets, Second Party shall not publish, disclose, transfer, release or divulge, directly or indirectly, all or any part of any Trade Secrets to any Person, regardless of whether or not Second Party conceived, originated, discovered, or developed, in whole or in part, the Trade Secrets.

1.5. Covenant Not to Disclose Confidential Information. Except to the extent it is necessary to use such information or data in the performance of Franchisee's express obligations under the Franchise Agreement, Second Party shall not, (i) for so long during the term of the Franchise Agreement as Second Party shall remain the Owner of an Equity Interest in Franchisee and (ii) for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (a) the date on which Second Party ceases to be the Owner of an Equity Interest in Franchisee or (b) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), publish, disclose, transfer, release or divulge, directly or indirectly, all or any part of any Confidential Information (whether or not the Confidential Information is in written or tangible form) to any Person.

1.6. Additional Covenants.

(a) Second Party agrees not to permit any unauthorized reproduction of all or any part of any

Confidential Information or Trade Secrets.

(b) Second Party agrees not to utilize any Confidential Information or Trade Secrets other than for the benefit of Franchisee.

(c) Second Party agrees to observe all security policies implemented by Franchisee, from time to time, with respect to any Confidential Information and Trade Secrets.

(d) Second Party acknowledges and agrees that all Confidential Information and Trade Secrets are and shall remain the property of SCI. Nothing in this Agreement or any course of conduct between Franchisee and Second Party shall be deemed to grant Second Party any rights in or to all or any portion of the Confidential Information or Trade Secrets.

(e) At such time as Second Party ceases to be the Owner of an Equity Interest in Franchisee, Second Party shall immediately deliver to Franchisee or to SCI, at its request (i) all memoranda, notes, records, drawings, manuals or other documents and all copies thereof pertaining to the business of SCI and (ii) all materials involving Confidential Information or Trade Secrets, including, but not limited to, the Manual. This provision is intended to apply to all such materials made or compiled by Second Party, as well as all such materials furnished to Second Party by anyone else in connection with his or her relationship with Franchisee as an Owner.

1.7. Value. The Confidential Information and Trade Secrets constitute valuable, special and unique assets of SCI and any disclosure contrary to the terms of this Agreement would cause substantial loss of competitive advantage and other serious injury to SCI and its franchisees under the System, including Franchisee.

1.8. Severability. The covenants contained in this Agreement shall be construed as agreements severable from and independent of each other and of any other provision of this or any other contract or agreement between the parties hereto. The existence of any claim or cause of action by Second Party against SCI or Franchisee, whether predicated upon this or any other contract or agreement, shall not constitute a defense to the enforcement by SCI of said covenants.

1.9. Liquidated Damages. It is agreed that the breach of this Agreement could cause SCI irreparable damage for which SCI could not be adequately compensated. In addition to the right to obtain injunctive relief, and due to the difficulty of ascertaining with any reasonable degree of certainty the damages that might be suffered, the parties hereto agree that, in the event there is any violation of the provisions of this covenant regarding trade secrets, there will be paid as liquidated damages to SCI the sum of \$100,000 for any individual breach. Furthermore, the parties hereto agree that, because of the nature of SCI's franchise and Second Party's familiarity therewith, the above amount of liquidated damages is difficult to determine and is therefore reasonable.

1.10. Injunction. Second Party recognizes and agrees that the injury Franchisee and/or SCI will suffer in the event of Second Party's breach of any covenant or agreement contained in this Agreement cannot be compensated by monetary damages alone, and Second Party therefore agrees that in the event of a breach or threatened breach by Second Party of any of the provisions of this Agreement, Franchisee and SCI, in addition to and not in limitation of, any other rights, remedies or damages available to Franchisee and SCI at law, in equity, under this Agreement or otherwise, shall each be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Second Party. Neither Franchisee nor SCI shall be required to post a bond in excess of \$1,000 or other security with respect to obtaining any such equitable relief. Second Party shall pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Franchisee or SCI in enforcing their respective rights under this Agreement.

2. MISCELLANEOUS

2.1. Use of Definitions. The use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used.

2.2. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their successors and permitted assigns. SCI may assign its rights and obligations under this Agreement to any Person without the consent of Second Party. Second Party may not assign any of Second Party's rights or obligations under this Agreement.

2.3. Survival. The obligations of Second Party shall survive the expiration or termination of the Franchise Agreement (regardless of the cause of termination) and Second Party's transfer or assignment of Second Party's Equity Interest in Franchisee.

2.4. Waiver. Any waiver of any event of breach or default or of any right to specific performance shall not constitute a subsequent or continuing waiver or breach or default of a right to specific performance. No waiver of any provision of this Agreement or of the rights and obligations of Second Party shall be effective unless in writing and waived by SCI. Any such waiver of SCI shall be effective only in the specific instance and for the specific purpose stated in such writing.

2.5. Duplicates. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

2.6. Entire Agreement. This Agreement contains the entire agreement of the parties. It may not be changed orally but only by an amendment in writing signed by the party against whom enforcement is sought. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any continuing or subsequent breach of that provision or of any other provision of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Franchised Business operated by Franchisee pursuant to the Franchise Agreement is located.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first written above.

SCI:
STERI-CLEAN, INC.

By: _____
Name: _____
Title: _____

SECOND PARTY:

By: _____
Name: _____
Title: _____

Attachment E-2

CONFIDENTIALITY AGREEMENT (EMPLOYEES)

This Confidentiality Agreement (this "Agreement"), made as of the ____ day of _____, _____, among _____, a _____, ("Franchisee") which entered that certain Franchise Agreement with STERI-CLEAN, INC., an Idaho corporation ("SCI") dated _____, _____, as same may be amended from time to time (the "Franchise Agreement"), and _____, a _____, ("Second Party");

DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

Affiliate. Any Person Controlled by, Controlling or under common Control with either party.

Confidential Information. Any information or data, other than Trade Secrets, that is of value and treated as confidential by SCI.

Control. The right or ability, directly or indirectly, to cause a Person to act in accordance with another Person's instructions.

Equity Interest. Any stock, partnership, membership, unit or other ownership interest in Franchisee.

Manual. The manual, as may be modified from time to time, is the primary source of information regarding the System and the construction and operation of System Businesses, and any supplemental bulletins, notices, revisions, modifications or amendments thereto, and any additional sections hereafter promulgated by SCI, all of which shall be deemed a part thereof. The Manual may be in electronic or hard copy form, or both.

Marks. The Primary Marks and all other trade names, service marks, trademarks, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress, interior and exterior designs and specifications, and the motif, décor and color scheme and other visual identification by which the System is identified and publicized, whether now existing or hereafter created and designated as "Marks" by SCI.

Owner. Any Person who owns any Equity Interest, directly or indirectly in the Franchised Business.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, unincorporated organizations and governmental agencies, departments and branches.

Primary Marks. "Steri-Clean®", "Steri-Clean®" design, "Restoring Homes and Lives" and "1-800-HOARDERS.COM".

System. The proprietary business format and operating system developed and owned by SCI, as modified by SCI from time to time, for the development and operation of a Franchised Business that markets, sells, offers and/or provides biohazard; hoarding clean-up; air quality monitoring, infection control, disinfection, sanitizing, contents restoration and cleaning, precautionary and preventative cleaning for any and all microorganisms; rodent/insect/bird/pest cleanup and deterrent installation; drug, drug lab and drug paraphernalia decontamination; odor removal and tear gas cleanup/removal, including the Marks that identify System Business' affiliation with the System, the Trade Secrets, the Confidential Information and all goodwill associated with the System.

System Business. A business operated using the System pursuant to a written franchise agreement with SCI.

Trade Secrets. Any information, without regard to form, related to SCI and its Affiliates, including technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, forms, costs of materials and supplies, financial data, financial plans, product plans, marketing information, methods of inventory control, operational systems, management techniques, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the

circumstances to maintain its secrecy.

RECITALS

SCI is in the business of licensing others to develop and operate System Business at specific locations pursuant to written Franchise Agreements in accordance with the System. Under the Franchise Agreement, SCI requires that a properly executed agreement in the form hereof be obtained by Franchisee from each of Franchisee's manager and assistant managers and, in addition, from any other employees of Franchisee to whom any of SCI's Trade Secrets or Confidential Information may be disclosed, subject in any event to the restrictions on disclosure as set forth in the Franchise Agreement. Second Party is an employee of Franchisee and acknowledges that by virtue of Second Party's relationship with Franchisee, Second Party may receive, otherwise obtain or have access to certain Trade Secrets and Confidential Information in which SCI has a protectable interest. Accordingly, SCI desires to prevent Second Party from disclosing any such Trade Secrets and Confidential Information as hereinafter provided.

NOW, THEREFORE, for and in consideration of the foregoing Definitions and Recitals, premises, which are incorporated herein as a material part of this Agreement, and the covenants contained herein, and other valuable consideration, the parties agree as follows:

1. DISCLOSURE OF INFORMATION

1.1. Business. Second Party recognizes and acknowledges that Franchisee will develop and operate, or has developed and is now operating, a System Business and that such activities have involved, and continue to involve, the entrustment to Second Party of confidential, restricted and proprietary information of SCI, including Trade Secrets and Confidential Information.

1.2. Ownership. If Second Party has assisted in the preparation of any information that SCI considers to be a Trade Secret or Confidential Information, Second Party hereby assigns any and all rights, title, and interest that he or she may have in the Confidential Information as its creator or co-creator to SCI.

1.3. Covenant Not to Disclose Trade Secrets. Except to the extent it is necessary to use such information or data in the performance of Franchisee's express obligations under the Franchise Agreement, for so long as Second Party shall remain an employee of Franchisee and for so long afterwards as the information or data remain Trade Secrets, Second Party shall not publish, disclose, transfer, release or divulge, directly or indirectly, all or any part of any Trade Secrets to any Person.

1.4. Covenant Not to Disclose Confidential Information. Except to the extent it is necessary to use such information or data in the performance of Franchisee's express obligations under the Franchise Agreement, Second Party shall not, (i) for so long during the term of the Franchise Agreement as Second Party shall remain an employee of Franchisee and (ii) for a continuous uninterrupted period of two (2) years commencing upon the first to occur of (a) the date on which Second Party ceases to be an employee of Franchisee or (b) the date of expiration or termination of the Franchise Agreement (regardless of the cause for termination), publish, disclose, transfer, release or divulge, directly or indirectly, all or any part of any Confidential Information (whether or not the Confidential Information is in written or tangible form) to any Person.

1.5. Additional Covenants.

(a) Second Party agrees not to permit any unauthorized reproduction of all or any part of any Confidential Information or Trade Secrets.

(b) Second Party agrees not to utilize any Confidential Information or Trade Secrets other than for the benefit of Franchisee and to utilize same solely in connection with his or her employment and for no other reason.

(c) Second Party agrees to observe all security policies implemented by Franchisee, from time to time, with respect to any Confidential Information and Trade Secrets.

(d) Second Party acknowledges and agrees that all Confidential Information and Trade Secrets are and shall remain the property of SCI. Nothing in this Agreement or any course of conduct between Franchisee and Second Party shall be deemed to grant Second Party any rights in or to all or any portion of the Confidential Information or Trade Secrets.

(e) Second Party acknowledges that this Agreement does not create any obligation on Franchisee to continue to employ Second Party for any period.

(f) At such time as Second Party ceases to be an employee of Franchisee, Second Party shall immediately deliver to Franchisee, and certify in writing that they have done so, (i) all memoranda, notes, records, drawings, manuals or other documents and all copies thereof pertaining to the business of SCI and (ii) all materials involving Confidential Information or Trade Secrets, including, but not limited to, the Manual. This provision is intended to apply to all such materials made or compiled by Second Party, as well as all such materials furnished to Second Party by anyone else in connection with his or her relationship with Franchisee as an employee.

1.6. Value. The Confidential Information and Trade Secrets constitute valuable, special and unique assets of SCI and any disclosure contrary to the terms of this Agreement would cause substantial loss of competitive advantage and other serious injury to SCI and its franchisees under the System, including Franchisee.

1.7. Severability. The covenants contained in this Agreement shall be construed as agreements severable from and independent of each other and of any other provision of this or any other contract or agreement between the parties hereto. The existence of any claim or cause of action by Second Party against Franchisee, whether predicated upon this or any other contract or agreement, shall not constitute a defense to the enforcement by SCI or Franchisee of said covenants.

1.8. Liquidated Damages. It is agreed that the breach of this Agreement could cause SCI irreparable damage for which SCI could not be adequately compensated. In addition to the right to obtain injunctive relief, and due to the difficulty of ascertaining with any reasonable degree of certainty the damages that might be suffered, the parties hereto agree that, in the event there is any violation of the provisions of this covenant regarding trade secrets, there will be paid as liquidated damages to SCI the sum of \$100,000 for each individual breach, which amount represents a reasonable estimate of the damages that would be incurred by SCI due to such breach and is not intended as a penalty. Furthermore, the parties hereto agree that, because of the nature of SCI's franchise and Second Party's familiarity therewith, the above amount of liquidated damages is difficult to determine and is therefore reasonable.

1.9. Injunction. Second Party recognizes and agrees that the injury Franchisee and/or SCI will suffer in the event of Second Party's breach of any covenant or agreement contained in this Agreement cannot be compensated by monetary damages alone, and Second Party therefore agrees that in the event of a breach or threatened breach by Second Party of any of the provisions of this Agreement, Franchisee and SCI, in addition to and not in limitation of, any other rights, remedies or damages available to Franchisee or SCI at law, in equity, under this Agreement or otherwise, shall each be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Second Party. Neither Franchisee nor SCI shall be required to post a bond in excess of \$1,000 or other security with respect to obtaining any such equitable relief. Second Party shall pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Franchisee or SCI in enforcing their respective rights under this Agreement.

2. MISCELLANEOUS

2.1. Use of Definitions. The use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used.

2.2. Third Party Beneficiary. The Second Party hereby acknowledges and agrees that: (a) SCI requires Franchisee to obtain this Agreement from certain of its employees; (b) that SCI is a third-party beneficiary of this Agreement; and (c) that SCI shall have the same rights and remedies as Franchisee to enforce the terms of this Agreement.

2.3. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their successors and permitted assigns. SCI may assign its rights and obligations under this Agreement to any Person without the consent of Franchisee or Second Party. Second Party may not assign any of Second Party's rights or obligations under this Agreement.

2.4. Survival. The obligations of Second Party shall survive the expiration or termination of the Franchise Agreement (regardless of the cause of termination) and Second Party's employment with Franchisee.

2.5. Waiver. Any waiver of any event of breach or default or of any right to specific performance shall not constitute a subsequent or continuing waiver or breach or default of a right to specific performance. No waiver of any provision of this Agreement or of the rights and obligations of Second Party shall be effective unless in writing and waived by both SCI and Franchisee. Any such waiver of both SCI and Franchisee

shall be effective only in the specific instance and for the specific purpose stated in such writing.

2.6. Duplicates. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

2.7. Entire Agreement. This Agreement contains the entire agreement of the parties. It may not be changed orally but only by an amendment in writing signed by the party against whom enforcement is sought. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any continuing or subsequent breach of that provision or of any other provision of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Franchised Business is located.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

FRANCHISEE:

By: _____
Name: _____
Title: _____

SECOND PARTY:

By: _____
Name: _____
Title: _____

Attachment F

CONVERSION ADDENDUM

This Conversion Addendum (this "Addendum") is made and entered into this ____ day of _____, 20____, is by and between STERI-CLEAN, INC., a Idaho Corporation, having its principal place of business at 3940 Woodside Blvd., Hailey, ID 83333, (hereinafter referred to as "SCI", "we" or "us"), and _____, with a current address of _____ (hereinafter referred to as "Franchisee" or "you").

RECITALS

WHEREAS, SCI has developed a unique branded System for operating a hoarding and biohazard cleanup service. SCI owns certain intellectual property rights, including the trade name and mark, STERI-CLEAN® that are used to identify and promote the System. SCI offers franchises for businesses operated under our system and use our intellectual property to provide these businesses with vital marketing assistance.

WHEREAS, Franchisee owns and operates a business that currently offers some of the services SCI franchisees provide. Franchisee would like SCI to provide assistance and support to enable Franchisee's business to expand and market additional services.

WHEREAS, in recognition of the time and effort Franchisee has spent in building its existing business and SCI's need to maintain uniformity of the System and to direct business assistance exclusively to SCI franchisees, the parties enter into the Franchise Agreement subject to the special modifications stated in this addendum.

SECTION I. TERMS AND CONDITIONS

I.1. Consultation Regarding Designated Suppliers. We expect to leave most selection of suppliers to the reasonable discretion of our franchisees. However, in a few cases, we may designate a particular supplier for use by our franchisees to obtain system-wide price advantages, ensure quality or achieve some other benefit for the Franchise Network. In designating any specific supplier from which you must buy a product or service to be used in your Service, we will consult with you as to your previous experience and preferences regarding suppliers in the area. If, in our reasonable discretion, we determine that your preferred supplier can provide products and services of equivalent quality to those provided by our designated supplier, we will not withhold our consent to your use of your preferred supplier.

I.2. Initial Training Program. You or your Designated Owner must attend and successfully complete all phases of the initial training program and complete it to our satisfaction except for those portions of the program which we certify in writing your prior experience and training make unnecessary. Your Service must always be directly or indirectly supervised by you or your controlling owner who is certified by us in writing to act as Designated Owner. Failure to successfully complete any aspect of the training program constitutes grounds for immediate termination of your franchise unless we, in our sole discretion, determine that your prior experience and training make completion of that aspect of the program unnecessary.

SECTION II. INCORPORATION OF AGREEMENT. The terms and conditions of the Franchise Agreement are incorporated in this Addendum by reference except to the extent that they conflict with the terms and conditions of this Amendment. If there is such a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first written above.

SCI:
STERI-CLEAN, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____



ADDENDUM TO FRANCHISE¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, 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 franchise 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 franchise 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 franchise term (excluding additional

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).

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise 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

Effective Date: January 1, 2018

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EXHIBIT B
TO THE FDD

FINANCIAL STATEMENTS

STERI-CLEAN, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

STERI-CLEAN, INC.
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YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Steri-Clean, Inc.
Hailey, Idaho

Opinion

We have audited the accompanying financial statements of Steri-Clean, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steri-Clean, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

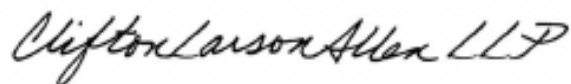
Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Ontario, California
April 18, 2025

STERI-CLEAN, INC.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 532,034 | \$ 485,182 |
| Accounts Receivable | 37,064 | 24,141 |
| Prepaid Expenses | 58,577 | 27,528 |
| Current Portion of Deferred and Capitalized Franchise Costs | 22,929 | 24,900 |
| Total Current Assets | <u>650,604</u> | <u>561,751</u> |
| PROPERTY AND EQUIPMENT, NET | 3,826 | 62,196 |
| OTHER ASSETS | | |
| Operating Lease Right-of Use Assets, Net | - | 61,774 |
| Intangible Assets, Net | 3,133 | 3,533 |
| Deferred and Capitalized Franchise Costs, Net of Current Portion | 46,560 | 69,489 |
| Deposits | 3,000 | 3,000 |
| Total Other Assets | <u>52,693</u> | <u>137,796</u> |
| Total Assets | <u><u>\$ 707,123</u></u> | <u><u>\$ 761,743</u></u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 29,988 | \$ 27,018 |
| Credit Cards Payable | 330 | 14,637 |
| Accrued Expenses | 67,817 | 64,336 |
| Income Tax Payable | 2,438 | 1,603 |
| Current Portion of Deferred Franchise Fees | 233,921 | 180,900 |
| Current Maturities of Lease Liability - Operating | - | 22,995 |
| Total Current Liabilities | <u>334,494</u> | <u>311,489</u> |
| LONG-TERM LIABILITIES | | |
| Deferred Franchise Fees, Net of Current Portion | 575,163 | 533,990 |
| Long-Term Lease Liability - Operating, Net of Current Maturities | - | 38,779 |
| Total Long-Term Liabilities | <u>575,163</u> | <u>572,769</u> |
| Total Liabilities | 909,657 | 884,258 |
| STOCKHOLDER'S DEFICIT | | |
| Common Stock - No Par Value; 1,000 Shares Authorized; 1,000 Shares Issued and Outstanding | 24,600 | 24,600 |
| Additional Paid-In Capital | 355,164 | 310,164 |
| Accumulated Deficit | <u>(582,298)</u> | <u>(457,279)</u> |
| Total Stockholder's Deficit | <u>(202,534)</u> | <u>(122,515)</u> |
| Total Liabilities and Stockholder's Deficit | <u><u>\$ 707,123</u></u> | <u><u>\$ 761,743</u></u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|------------------|---------------------|
| REVENUES | | |
| Royalty Fees | \$ 1,331,082 | \$ 948,557 |
| Franchise Fees | 274,306 | 141,847 |
| Marketing Funds | 572,852 | 412,345 |
| Technology Fees | 80,972 | 58,932 |
| Other Revenues | 62,130 | 18,508 |
| Total Revenues | <u>2,321,342</u> | <u>1,580,189</u> |
| COST OF REVENUES | <u>239,475</u> | <u>193,144</u> |
| GROSS PROFIT | 2,081,867 | 1,387,045 |
| OPERATING EXPENSES | | |
| Depreciation and Amortization | 58,769 | 64,730 |
| Facilities | 297,797 | 254,052 |
| Insurance | 134,265 | 77,876 |
| Marketing | 341,579 | 350,033 |
| Payroll Taxes | 41,208 | 37,296 |
| Professional Expenses | 516,776 | 287,664 |
| Salaries and Wages | 528,474 | 497,352 |
| Travel Expenses | 42,876 | 65,985 |
| Other Operating Expenses | 46,334 | 40,096 |
| Total Operating Expenses | <u>2,008,078</u> | <u>1,675,084</u> |
| INCOME (LOSS) FROM OPERATIONS | 73,789 | (288,039) |
| OTHER INCOME (EXPENSE) | | |
| Interest Expense, Net | (1,765) | (1,232) |
| Litigation Settlement | - | 190,000 |
| Other Expense | - | (1,345) |
| Total Other Income (Expense), Net | <u>(1,765)</u> | <u>187,423</u> |
| NET INCOME (LOSS) BEFORE INCOME TAX PROVISION | 72,024 | (100,616) |
| INCOME TAX PROVISION | <u>3,183</u> | <u>2,983</u> |
| NET INCOME (LOSS) | <u>\$ 68,841</u> | <u>\$ (103,599)</u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | Common Stock | | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) | Total |
|--------------------------------|--------------|-----------|-------------------------------|---|--------------|
| | Shares | Amount | | | |
| BALANCE - JANUARY 1, 2023 | 1,000 | \$ 24,600 | \$ 310,164 | \$ 51,229 | \$ 385,993 |
| Distributions to Stockholder | - | - | - | (404,909) | (404,909) |
| Net Loss | - | - | - | (103,599) | (103,599) |
| BALANCE - DECEMBER 31, 2023 | 1,000 | 24,600 | 310,164 | (457,279) | (122,515) |
| Distributions to Stockholder | - | - | - | (193,860) | (193,860) |
| Contributions from Stockholder | - | - | 45,000 | - | 45,000 |
| Net Income | - | - | - | 68,841 | 68,841 |
| BALANCE - DECEMBER 31, 2024 | 1,000 | \$ 24,600 | \$ 355,164 | \$ (582,298) | \$ (202,534) |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$ 68,841 | \$ (103,599) |
| Adjustments to Reconcile Net Income (Loss) to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation and Amortization | 58,770 | 64,730 |
| Recognition of Deferred Franchise Fees | (274,306) | (141,847) |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable | (12,923) | 3,931 |
| Prepaid Expenses | (31,049) | 7,416 |
| Deferred Franchise Costs | 24,900 | (41,779) |
| Due from Related Parties | - | 37,776 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 2,970 | (5,794) |
| Credit Cards Payable | (14,307) | 14,538 |
| Accrued Expenses | 3,481 | 9,593 |
| Income Tax Payable | 835 | (714) |
| Deferred Franchise Fees Cash Receipts | 368,500 | 547,500 |
| Net Cash Provided by Operating Activities | <u>195,712</u> | <u>391,751</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions to Stockholder | (193,860) | (404,909) |
| Contributions from Stockholder | 45,000 | - |
| Net Cash Used by Financing Activities | <u>(148,860)</u> | <u>(404,909)</u> |
| NET INCREASE (DECREASE) IN CASH | 46,852 | (13,158) |
| Cash - Beginning of Year | <u>485,182</u> | <u>498,340</u> |
| CASH - END OF YEAR | <u><u>\$ 532,034</u></u> | <u><u>\$ 485,182</u></u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | <u><u>\$ 1,803</u></u> | <u><u>\$ 1,615</u></u> |
| Cash Paid for Income Taxes | <u><u>\$ 7,102</u></u> | <u><u>\$ 3,697</u></u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Steri-Clean, Inc. (the Company) is an Idaho corporation that franchises a business model for specialized clean-up and biohazard remediation services. These services include cleaning properties such as residences, vehicles, business facilities, and roadways that have been subject to crimes, trauma, unattended death, hoarding, and other conditions.

As of December 31, 2024 and 2023, there were 55 and 49 franchisees, respectively. No locations were owned by the Company for the years ended December 31, 2024 and 2023.

The Company pools marketing funds from all franchised locations and uses funds towards advertising projects that benefits all franchisees. Upon request, franchisees can obtain from the Company financial information detailing the uses of marketing funds.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant balance sheet accounts, including receivables, prepaid expenses, payables, and other liabilities.

Cash

The Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is periodically evaluated for collectability based on past credit history and current financial condition. The Company uses the allowance method of accounting for bad debts for financial reporting purposes. Uncollectible amounts are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all accounts receivable as of December 31, 2024 and 2023, to be collectible. As of December 31, 2024, 2023, and 2022, balance in accounts receivable was \$37,064, \$24,141, and \$28,072, respectively. Management determined that the allowance for credit losses was insignificant as of December 31, 2024 and 2023, and there was no material activity related to the allowance for credit losses for the year ended December 31, 2024.

Deferred and Capitalized Franchise Costs

Deferred and capitalized franchise costs represent commissions that are direct and incremental to the Company and are direct costs incurred in conjunction with the sale of a franchise. These costs are recognized as an expense when the respective revenue is recognized, which is generally over the term of the related franchise agreement.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Major renewals and improvements are charged to the property accounts while replacements, maintenance, and repairs which do not extend the estimated useful lives of the respective assets are expensed as incurred.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

At the time property and equipment are sold or otherwise disposed of, the property and equipment, including the related accumulated depreciation accounts are relieved of the applicable amounts and any gain or loss is recorded.

For common control leasing arrangements, the Company amortizes leasehold improvements over the useful life of the improvements (regardless of the lease term) while the Company continues to use the underlying assets. Upon the termination of the lease, the Company transfers the residual value to the common control lessor. For all other leases, leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term including renewal periods that are reasonably assured.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the assets are as follows:

| | |
|-------------------|---------|
| Computer Software | 3 Years |
| Office Equipment | 5 Years |
| Field Equipment | 7 Years |

Intangible Assets

The Company relies on trademarks, trade names and websites to protect its intellectual property rights and to maintain and enhance its competitiveness in the industry. Such property is amortized on a straight-line basis over its estimated useful life. The Company capitalizes costs incurred to renew or extend the term of its recognized intangible assets and amortizes such costs over the remaining life of the asset.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in other assets, current liabilities, and long-term liabilities on the balance sheets.

Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Concentrations

Cash

Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the federally insured limit.

Trade Accounts Receivable and Sales

There were no accounts receivable concentrations as of December 31, 2024. Accounts receivable from one customer represented approximately 20% of total accounts receivable as of December 31, 2023. There were no franchise revenues of 10% or more of the total revenues for the years ended December 31, 2024 and 2023.

Trade Accounts Payable

Payables to three vendors represented approximately 82% and 87% of total trade accounts payable as of December 31, 2024 and 2023, respectively.

Use of Estimates

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

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows; identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted to each individual franchise within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 606, Revenues from Contracts with Customers*.

Franchise Fees – The Company requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of five years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The unrecognized portion of franchise fees is recorded as deferred franchise fees. Deferred franchise fees were \$809,084, \$714,890, and \$309,237 as of December 31, 2024, December 31, 2023, and January 1, 2023, respectively.

Royalty Fees, Marketing Funds and Technology Fees – The Company collects weekly royalties, as stipulated in the franchise agreement, ranging from 6% to 8% of each franchisee's gross sales; and weekly marketing funds of 3% of each franchisee's gross sales. The Company also earns a monthly technology fee for maintaining franchisee information on the Company's website and telephone services support.

Other Revenues – Other revenue sources are recognized as services are rendered.

Marketing Funds and Costs

Marketing and other related costs are expensed as incurred. Marketing costs and other related costs were \$341,579 and \$350,033 for the years ended December 31, 2024 and 2023, respectively. As part of the franchise agreement, Franchisees contribute 3% of their gross revenues or minimum of \$100 to marketing fund on a weekly basis. During the years ended December 31, 2024 and 2023, the Company collected marketing funds of \$572,852 and \$412,345, respectively.

Income Taxes

The Company has elected to be treated as a small business corporation under Section 1372(a) of the Internal Revenue Code. Under S corporation status, the stockholder separately accounts for the company's items of income, deductions, losses, and credits. Therefore, these statements do not include a provision for federal income taxes.

For the years ended December 31, 2024 and 2023, the Company recorded state income tax expense of \$3,183 and \$2,983, respectively.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Under the Income Taxes topic of FASB ASC, the Company has reviewed and evaluated the relevant technical merits of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company. The Company evaluates its tax positions for uncertainty on an annual basis and believes it has no uncertain tax position as of December 31, 2024 and 2023. The tax returns for the years 2019 to 2023 are subject to income tax examination.

NOTE 2 REVENUE DISCLOSURES

Franchise Fees, Royalty Fees, Marketing Funds and Technology Fees

The Company currently franchises its concept across the country. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing royalties; (c) continuing marketing funds, and (d) continuing technology fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise agreement. As these fees are typically received at or near the beginning of the franchise term. The cash received is initially recorded as a deferred franchise fee until recognized as revenue over time.
- The Company is entitled to royalties and marketing funds based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and marketing revenues are recognized when the franchisee's sales occur.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 REVENUE DISCLOSURES (CONTINUED)

Disaggregation of Revenue

The Company believes that the captions contained on the statement of income appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2024 and 2023.

For the year ended December 31, 2024, the Company recognized revenues of \$2,047,036 at a point in time and \$274,306 over time. For the year ended December 31, 2023, the Company recognized revenues of \$1,438,342 at a point in time and \$141,847 over time.

Deferred Franchise Fees and Costs

Changes in the Company's deferred franchise fees consist of the following during the years ended December 31:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Balance at the Beginning of the Year | \$ 714,890 | \$ 309,237 |
| Recognized as Revenue During the Year | (274,306) | (141,847) |
| Fees Received and Deferred During the Year | 368,500 | 547,500 |
| Balance at the End of the Year | <u>\$ 809,084</u> | <u>\$ 714,890</u> |

The following table illustrates estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024:

| <u>Revenue to be Recognized in:</u> | <u>Amount</u> |
|-------------------------------------|-------------------|
| 2025 | \$ 233,921 |
| 2026 | 209,348 |
| 2027 | 187,164 |
| 2028 | 147,285 |
| 2029 | 30,290 |
| Thereafter | 1,076 |
| Total | <u>\$ 809,084</u> |

Changes in the Company's deferred franchise costs consist of the following during the years ended December 31:

| | 2024 | 2023 |
|---|------------------|------------------|
| Balance at the Beginning of the Year | \$ 94,389 | \$ 52,610 |
| Recognized as Cost of Revenue | (24,900) | (18,971) |
| Deferred Franchise Costs Incurred During the Year | - | 60,750 |
| Balance at the End of the Year | <u>\$ 69,489</u> | <u>\$ 94,389</u> |

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 REVENUE DISCLOSURES (CONTINUED)

Deferred Franchise Fees and Costs (Continued)

The following table illustrates estimated franchise costs expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2024:

| <u>Cost to be Recognized in:</u> | <u>Amount</u> |
|----------------------------------|------------------|
| 2025 | \$ 22,929 |
| 2026 | 18,900 |
| 2027 | 15,490 |
| 2028 | 10,354 |
| 2029 | 1,500 |
| Thereafter | 316 |
| Total | <u>\$ 69,489</u> |

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Computer Software | \$ 215,531 | \$ 215,531 |
| Equipment | 7,418 | 7,418 |
| Leasehold Improvements | <u>4,233</u> | <u>4,233</u> |
| Total Depreciable and Amortizable | | |
| Property and Equipment | 227,182 | 227,182 |
| Less: Accumulated Depreciation and Amortization | <u>(223,356)</u> | <u>(164,986)</u> |
| Property and Equipment, Net | <u>\$ 3,826</u> | <u>\$ 62,196</u> |

For the years ended December 31, 2024 and 2023, depreciation and amortization expense was \$58,370 and \$64,330, respectively.

NOTE 4 RELATED PARTY TRANSACTIONS

Operating Lease

The Company leases office space from a related party on a month-to-month basis. Rent expense was \$48,000 for the years ended December 31, 2024 and 2023. Prepaid rent on the related party lease was \$4,000 as of December 31, 2024 and 2023.

Due from Related Parties

For the year ended December 31, 2023, the Company collected royalty fees and other income from Crime Scene Steri-Clean, LLC (CSSC), an affiliate through common ownership, and recognized revenues of \$43,703. During 2024, CSSC was sold and was no longer an affiliate through common ownership.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

Management Fees

For the year ended December 31, 2023, the Company paid monthly management fees to CSSC totaling \$10,003.

NOTE 5 LEASES – TOPIC 842

The Company leases an office facility under long-term, noncancelable lease agreement. Originally, the lease was set to expire at July 31, 2026. As of December 31, 2024, the lease was terminated. The Company expects to enter into a new lease subsequent to year end.

The following table provides quantitative information concerning the Company's leases for the year ended December 31, 2024:

| | |
|---|------------------|
| Lease Costs: | |
| Operating Lease Costs: | <u>\$ 25,500</u> |
| Other Information: | |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: | |
| Operating Cash Flows from Operating Leases | <u>\$ 25,500</u> |

NOTE 6 FRANCHISE AGREEMENTS

Information relating to franchise agreements and changes in the number of franchises is as follows:

| | 2024 | 2023 |
|--|-----------|-----------|
| Franchises in Operation at the Beginning of the Year | 49 | 27 |
| Franchise Agreements Signed, Operations Commenced | 11 | 28 |
| Franchise Agreements Terminated | (5) | (6) |
| Franchises in Operation at the End of the Year | <u>55</u> | <u>49</u> |

There were 11 franchise commencements and no franchise renewals.

NOTE 7 COMPANY SPONSORED RETIREMENT PLANS

The Company established a 401(k) retirement plan for the benefit of employees who elect to participate. The employees are permitted to defer up to 100% of their salaries as contributions subject to Internal Revenue Code maximum limitations. The Plan covers substantially all employees who are over the age of 21 and completed one year of service.

The Company provides for a discretionary matching contribution. For the years ended December 31, 2024 and 2023, the Company did not make any matching contributions.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 8 LEGAL SETTLEMENT

On November 22, 2024, the Company agreed to repurchase the entire right, interest and title in three franchised agreements and all three franchised territories therewith, including all customers and the related customer information, for the sum of \$85,000 which was paid in December 2024.

During the year ended December 31, 2023, the Company received a settlement payment of \$190,000 related to a litigation. In 2023, the Company was successful in settling with a former franchisee for breach of franchise agreement. The settlement payment is classified as nonoperating income.

NOTE 9 SUBSEQUENT EVENTS

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosures through April 18, 2025, the date the financial statements were available to be issued.

STERI-CLEAN, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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STERI-CLEAN, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Steri-Clean, Inc.
Hailey, Idaho

Opinion

We have audited the accompanying financial statements of Steri-Clean, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steri-Clean, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Board of Directors
Steri-Clean, Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
April 5, 2024

STERI-CLEAN, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

| ASSETS | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 485,182 | \$ 498,340 |
| Accounts Receivable | 24,141 | 28,072 |
| Prepaid Expenses | 27,528 | 34,944 |
| Current Portion of Deferred and Capitalized Franchise Costs | 24,900 | 15,676 |
| Total Current Assets | <u>561,751</u> | <u>577,032</u> |
| PROPERTY AND EQUIPMENT, NET | 62,196 | 126,526 |
| OTHER ASSETS | | |
| Operating Lease Right-of Use Assets, Net | 61,774 | - |
| Due from Related Parties | - | 37,776 |
| Intangible Assets, Net | 3,533 | 3,933 |
| Deferred and Capitalized Franchise Costs, Net of Current Portion | 69,489 | 36,934 |
| Deposits | 3,000 | 3,000 |
| Total Other Assets | <u>137,796</u> | <u>81,643</u> |
| Total Assets | <u>\$ 761,743</u> | <u>\$ 785,201</u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 27,018 | \$ 32,812 |
| Credit Cards Payable | 14,637 | 99 |
| Accrued Expenses | 64,336 | 54,743 |
| Income Tax Payable | 1,603 | 2,317 |
| Current Portion of Deferred Franchise Fees | 180,900 | 103,728 |
| Current Maturities of Lease Liability - Operating | 22,995 | - |
| Total Current Liabilities | <u>311,489</u> | <u>193,699</u> |
| LONG-TERM LIABILITIES | | |
| Deferred Franchise Fees, Net of Current Portion | 533,990 | 205,509 |
| Long-Term Lease Liability - Operating, Net of Current Maturities | 38,779 | - |
| Total Long-Term Liabilities | <u>572,769</u> | <u>205,509</u> |
| Total Liabilities | 884,258 | 399,208 |
| STOCKHOLDER'S EQUITY (DEFICIT) | | |
| Common Stock - No Par Value; 1,000 Shares Authorized; 1,000 Shares Issued and Outstanding | 24,600 | 24,600 |
| Additional Paid-In Capital | 310,164 | 310,164 |
| Retained Earnings (Accumulated Deficit) | (457,279) | 51,229 |
| Total Stockholder's Equity (Deficit) | <u>(122,515)</u> | <u>385,993</u> |
| Total Liabilities and Stockholder's Equity (Deficit) | <u>\$ 761,743</u> | <u>\$ 785,201</u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|--|---------------------|-------------------|
| REVENUES | | |
| Royalty Fees | \$ 948,557 | \$ 901,596 |
| Franchise Fees | 141,847 | 179,921 |
| Marketing Funds | 412,345 | 372,530 |
| Technology Fees | 58,932 | 58,169 |
| Other Revenues | 18,508 | 46,633 |
| Total Revenues | <u>1,580,189</u> | <u>1,558,849</u> |
| COST OF REVENUES | <u>193,144</u> | <u>66,959</u> |
| GROSS PROFIT | 1,387,045 | 1,491,890 |
| OPERATING EXPENSES | | |
| Depreciation and Amortization | 64,730 | 89,245 |
| Facilities | 254,052 | 194,589 |
| Insurance | 77,876 | 71,340 |
| Marketing | 350,033 | 205,279 |
| Payroll Taxes | 37,296 | 31,924 |
| Professional Expenses | 287,664 | 209,997 |
| Salaries and Wages | 497,352 | 428,977 |
| Travel Expenses | 65,985 | 21,995 |
| Other Operating Expenses | 40,096 | 33,333 |
| Total Operating Expenses | <u>1,675,084</u> | <u>1,286,679</u> |
| INCOME (LOSS) FROM OPERATIONS | (288,039) | 205,211 |
| OTHER INCOME (EXPENSE) | | |
| Interest Expense, Net | (1,232) | (498) |
| Litigation Settlement | 190,000 | - |
| Other Expense | (1,345) | (5,181) |
| Total Other Income (Expense), Net | <u>187,423</u> | <u>(5,679)</u> |
| NET INCOME (LOSS) BEFORE INCOME TAX PROVISION | (100,616) | 199,532 |
| INCOME TAX PROVISION | <u>2,983</u> | <u>3,117</u> |
| NET INCOME (LOSS) | <u>\$ (103,599)</u> | <u>\$ 196,415</u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Common Stock | | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) | | Total |
|------------------------------------|--------------|-----------|-------------------------------|---|----|-----------|
| | Shares | Amount | | | | |
| BALANCE - JANUARY 1, 2022 | 1,000 | \$ 24,600 | \$ 310,164 | \$ 184,921 | \$ | 519,685 |
| Distributions to Stockholder | - | - | - | (330,107) | | (330,107) |
| Net Income | - | - | - | 196,415 | | 196,415 |
| BALANCE - DECEMBER 31, 2022 | 1,000 | 24,600 | 310,164 | 51,229 | | 385,993 |
| Distributions to Stockholder | - | - | - | (404,909) | | (404,909) |
| Net Loss | - | - | - | (103,599) | | (103,599) |
| BALANCE - DECEMBER 31, 2023 | 1,000 | \$ 24,600 | \$ 310,164 | \$ (457,279) | \$ | (122,515) |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$ (103,599) | \$ 196,415 |
| Adjustments to Reconcile Net Income (Loss) to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation and Amortization | 64,730 | 89,245 |
| Recognition of Deferred Franchise Fees | (141,847) | (179,921) |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable | 3,931 | 9,509 |
| Prepaid Expenses | 7,416 | (3,562) |
| Deferred Franchise Costs | (41,779) | (6,439) |
| Due from Related Parties | 37,776 | (37,776) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (5,794) | (17,873) |
| Credit Cards Payable | 14,538 | (1,236) |
| Accrued Expenses | 9,593 | 24,298 |
| Income Tax Payable | (714) | (6,855) |
| Due to Related Parties | - | (539) |
| Deferred Franchise Fees Cash Receipts | 547,500 | 168,500 |
| Net Cash Provided by Operating Activities | <u>391,751</u> | <u>233,766</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions to Stockholder | (404,909) | (330,107) |
| Net Cash Used by Financing Activities | <u>(404,909)</u> | <u>(330,107)</u> |
| NET DECREASE IN CASH | (13,158) | (96,341) |
| Cash - Beginning of Year | <u>498,340</u> | <u>594,681</u> |
| CASH - END OF YEAR | <u><u>\$ 485,182</u></u> | <u><u>\$ 498,340</u></u> |
| SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | <u>\$ 1,615</u> | <u>\$ 597</u> |
| Cash Paid for Income Taxes | <u>\$ 3,697</u> | <u>\$ 13,118</u> |

See accompanying Notes to Financial Statements.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Steri-Clean, Inc. (the Company) is an Idaho corporation that franchises a business model for specialized clean-up and biohazard remediation services. These services include cleaning properties such as residences, vehicles, business facilities, and roadways that have been subject to crimes, trauma, unattended death, hoarding, and other conditions.

As of December 31, 2023 and 2022, there were 53 and 26 franchisees, respectively. No locations were owned by the Company for the years ended December 31, 2023 and 2022.

The Company pools marketing funds from all franchised locations and uses funds towards advertising projects that benefits all franchisees. Upon request, franchisees can obtain from the Company financial information detailing the uses of marketing funds.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant balance sheet accounts, including receivables, prepaid expenses, payables, and other liabilities.

Cash

The Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is periodically evaluated for collectibility based on past credit history and current financial condition. The Company uses the allowance method of accounting for bad debts for financial reporting purposes. Uncollectible amounts are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all accounts receivable as of December 31, 2023 and 2022, to be collectible. As of December 31, 2023, 2022, and 2021, balance in accounts receivable was \$24,141, \$28,072, and \$37,581, respectively. Management determined that the allowance for credit losses was insignificant as of December 31, 2023 and 2022, and there was no material activity related to the allowance for credit losses for the year ended December 31, 2023.

Deferred and Capitalized Franchise Costs

Deferred and capitalized franchise costs represent commissions that are direct and incremental to the Company and are direct costs incurred in conjunction with the sale of a franchise. These costs are recognized as an expense when the respective revenue is recognized, which is generally over the term of the related franchise agreement.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Major renewals and improvements are charged to the property accounts while replacements, maintenance, and repairs which do not extend the estimated useful lives of the respective assets are expensed as incurred.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

At the time property and equipment are sold or otherwise disposed of, the property and equipment, including the related accumulated depreciation accounts are relieved of the applicable amounts and any gain or loss is recorded.

For common control leasing arrangements, the Company amortizes leasehold improvements over the useful life of the improvements (regardless of the lease term) while the Company continues to use the underlying assets. Upon the termination of the lease, the Company transfers the residual value to the common control lessor. For all other leases, leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term including renewal periods that are reasonably assured.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the assets are as follows:

| | |
|-------------------|---------|
| Computer Software | 3 Years |
| Office Equipment | 5 Years |
| Field Equipment | 7 Years |

Intangible Assets

The Company relies on trademarks, trade names and websites to protect its intellectual property rights and to maintain and enhance its competitiveness in the industry. Such property is amortized on a straight-line basis over its estimated useful life. The Company capitalizes costs incurred to renew or extend the term of its recognized intangible assets and amortizes such costs over the remaining life of the asset.

Upon its formation, the Company obtained a valuation to determine the fair value of its trademarks, trade names and websites. The fair value of the intellectual property was calculated to be \$240,000 as a result of the relief-from-royalty method used by the valuation specialist, which was determined by the Company to be within Level 3 of the fair value hierarchy. The intellectual property was determined to have a 10-year life.

Amortization expense related to the intellectual property for the years ended December 31, 2023 and 2022 was \$-0- and \$24,400, respectively. As of December 31, 2023, the intangible asset was fully amortized.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in other assets, current liabilities, and long-term liabilities on the balance sheets.

Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Concentrations

Cash

Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the federally insured limit.

Trade Accounts Receivable and Sales

Accounts Receivable from one customer represented approximately 20% and 24% of total accounts receivable as of December 31, 2023 and 2022, respectively. There were no franchise revenues of 10% or more of the total revenues for the years ended December 31, 2023 and 2022.

Trade Accounts Payable

Payables to three and two vendors represented approximately 87% and 75% of total trade accounts payable as of December 31, 2023 and 2022, respectively.

Use of Estimates

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

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows; identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted to each individual franchise within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 606, Revenues from Contracts with Customers*.

Franchise Fees – The Company requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of five years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The unrecognized portion of franchise fees is recorded as deferred franchise fees. Deferred franchise fees were \$714,890, \$309,237, and \$320,658 as of December 31, 2023, December 31, 2022, and January 1, 2022, respectively.

Royalty Fees, Marketing Funds and Technology Fees – The Company collects weekly royalties, as stipulated in the franchise agreement, ranging from 6% to 8% of each franchisee's gross sales; and weekly marketing funds of 3% of each franchisee's gross sales. The Company also earns a monthly technology fee for maintaining franchisee information on the Company's website and telephone services support.

Other Revenues – Other revenue sources are recognized as services are rendered.

Marketing Funds and Costs

Marketing and other related costs are expensed as incurred. Marketing costs and other related costs were \$350,033 and \$205,279 for the years ended December 31, 2023 and 2022, respectively. As part of the franchise agreement, Franchisees contribute 3% of their gross revenues or minimum of \$140 to marketing fund on a weekly basis. During the years ended December 31, 2023 and 2022, the Company collected marketing funds of \$412,345 and \$372,530, respectively.

Income Taxes

The Company has elected to be treated as a small business corporation under Section 1372(a) of the Internal Revenue Code. Under S corporation status, the stockholder separately accounts for the company's items of income, deductions, losses, and credits. Therefore, these statements do not include a provision for federal income taxes.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

For the years ended December 31, 2023 and 2022, the Company recorded state income tax expense of \$2,983 and \$3,117, respectively.

Under the Income Taxes topic of FASB ASC, the Company has reviewed and evaluated the relevant technical merits of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company. The Company evaluates its tax positions for uncertainty on an annual basis and believes it has no uncertain tax position as of December 31, 2023 and 2022. The tax returns for the years 2018 to 2022 are subject to income tax examination.

Adoption of Accounting Standard

As of January 1, 2023, the Company adopted FASB Accounting Standard Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The adoption of this standard resulted in changes to the Company's accounting policies related to the recognition and measurement of credit losses on financial instruments.

Under the new standard, the Company is required to use a forward-looking approach to estimate credit losses on financial instruments, including accounts receivable, loans, and other financial assets. The Company's estimates of credit losses are based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

The adoption of ASU 2016-13 did not have a material impact on the Company's financial position, results of operations, or cash flows. However, the Company did make changes to its allowance for credit losses methodology and related disclosures to comply with the new standard.

The Company's allowance for credit losses is now based on a combination of historical loss experience, current economic conditions, and reasonable and supportable forecasts.

Reclassification

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 REVENUE DISCLOSURES

Franchise Fees, Royalty Fees, Marketing Funds and Technology Fees

The Company currently franchises its concept across the country. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing royalties; (c) continuing marketing funds, and (d) continuing technology fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise agreement. As these fees are typically received at or near the beginning of the franchise term. The cash received is initially recorded as a deferred franchise fee until recognized as revenue over time.
- The Company is entitled to royalties and marketing funds based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and marketing revenues are recognized when the franchisee's sales occur.

Disaggregation of Revenue

The Company believes that the captions contained on the statement of income appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023 and 2022.

For the year ended December 31, 2023, the Company recognized revenues of \$1,438,342 at a point in time and \$141,847 over time. For the year ended December 31, 2022, the Company recognized revenues of \$1,378,928 at a point in time and \$179,921 over time.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 REVENUE DISCLOSURES (CONTINUED)

Deferred Franchise Fees and Costs

Changes in the Company's deferred franchise fees consist of the following during the years ended December 31:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Balance at the Beginning of the Year | \$ 309,237 | \$ 320,658 |
| Recognized as Revenue During the Year | (141,847) | (179,921) |
| Fees Received and Deferred During the Year | 547,500 | 168,500 |
| Balance at the End of the Year | <u>\$ 714,890</u> | <u>\$ 309,237</u> |

The following table illustrates estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023:

| <u>Revenue to be Recognized in:</u> | <u>Amount</u> |
|-------------------------------------|-------------------|
| 2024 | \$ 180,900 |
| 2025 | 174,221 |
| 2026 | 149,648 |
| 2027 | 127,464 |
| 2028 | 76,480 |
| Thereafter | 6,177 |
| Total | <u>\$ 714,890</u> |

Changes in the Company's deferred franchise costs consist of the following during the years ended December 31:

| | 2023 | 2022 |
|---|------------------|------------------|
| Balance at the Beginning of the Year | \$ 52,610 | \$ 46,171 |
| Recognized as Cost of Revenue | (18,971) | (19,811) |
| Deferred Franchise Costs Incurred During the Year | 60,750 | 26,250 |
| Balance at the End of the Year | <u>\$ 94,389</u> | <u>\$ 52,610</u> |

The following table illustrates estimated franchise costs expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2023:

| <u>Cost to be Recognized in:</u> | <u>Amount</u> |
|----------------------------------|------------------|
| 2024 | \$ 24,900 |
| 2025 | 22,928 |
| 2026 | 18,900 |
| 2027 | 15,490 |
| 2028 | 10,354 |
| Thereafter | 1,817 |
| Total | <u>\$ 94,389</u> |

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

| | 2023 | 2022 |
|---|------------------|-------------------|
| Computer Software | \$ 215,531 | \$ 215,531 |
| Equipment | 7,417 | 7,417 |
| Leasehold Improvements | 4,233 | 4,233 |
| Total Depreciable and Amortizable | | |
| Property and Equipment | 227,181 | 227,181 |
| Less: Accumulated Depreciation and Amortization | (164,985) | (100,655) |
| Property and Equipment, Net | <u>\$ 62,196</u> | <u>\$ 126,526</u> |

For the years ended December 31, 2023 and 2022, depreciation and amortization expense was \$64,330 and \$64,845, respectively.

NOTE 4 RELATED PARTY TRANSACTIONS

Operating Lease

The Company leases office space from a related party on a month-to-month basis. Rent expense was \$48,000 for the years ended December 31, 2023 and 2022, respectively. Prepaid rent on the related party lease was \$4,000 as of December 31, 2023 and 2022.

Due from Related Parties

The Company collects royalty fees and other income from Crime Scene Steri-Clean, LLC (CSSC), an affiliate through common ownership, and recognized revenues of \$43,703 and \$51,633 during the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2022, the Company also paid for various expenses on behalf of CSSC which resulted in a receivable of \$37,776 as of December 31, 2022. The balance was fully repaid during the year ended December 31, 2023.

Management Fees

The Company paid monthly management fees to CSSC totaling \$10,003 and \$4,798 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2022, the Company also had accounts payable due to CSSC of \$1,500.

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 LEASES – TOPIC 842

The Company leases an office facility under long-term, noncancelable lease agreement. The lease expires at July 31, 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Company's leases for the year ended December 31, 2023:

| | |
|--|-----------------|
| Lease Costs: | |
| Operating Lease Costs: | <u>\$ 4,250</u> |
| Other Information: | |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: | |
| Operating Cash Flows from Operating Leases | \$ 4,250 |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | \$ 65,499 |
| Weighted-Average Remaining Lease Term - Operating Leases | 2.6 Years |
| Weighted-Average Discount Rate - Operating Leases | 4.88% |

The Company classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

| <u>Year Ending December 31,</u> | <u>Operating Leases</u> |
|------------------------------------|-----------------------------|
| 2024 | \$ 25,500 |
| 2025 | 25,500 |
| 2026 | 14,875 |
| Total Lease Payments | 65,875 |
| Less: Interest | (4,101) |
| Present Value of Lease Liabilities | <u>\$ 61,774</u> |
| Short-Term Lease Liabilities | \$ 22,995 |
| Long-Term Lease Liabilities | 38,779 |
| Total | <u>\$ 61,774</u> |

STERI-CLEAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 FRANCHISE AGREEMENTS

Information relating to franchise agreements and changes in the number of franchises is as follows:

| | 2023 | 2022 |
|--|-----------|-----------|
| Franchises in Operation at the Beginning of the Year | 26 | 23 |
| Franchise Agreements Signed, Operations Commenced | 29 | 5 |
| Franchise Agreements Terminated | (2) | (2) |
| Franchises in Operation at the End of the Year | <u>53</u> | <u>26</u> |

There were 29 franchise commencements and no franchise renewals.

NOTE 7 COMPANY SPONSORED RETIREMENT PLANS

The Company established a 401(k) retirement plan for the benefit of employees who elect to participate. The employees are permitted to defer up to 100% of their salaries as contributions subject to Internal Revenue Code maximum limitations. The Plan covers substantially all employees who are over the age of 21 and completed one year of service.

The Company provides for a discretionary matching contribution. For the years ended December 31, 2023 and 2022, the Company did not make a matching contribution.

NOTE 8 LEGAL SETTLEMENT

During the year ended December 31, 2023, the Company received a settlement payment of \$190,000 related to a litigation. The settlement payment is classified as nonoperating income.

NOTE 9 SUBSEQUENT EVENTS

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosures through April 5, 2024, the date the financial statements were available to be issued.

EXHIBIT C-1
TO THE FDD

ROSTER OF OPEN UNITED STATES FRANCHISEES
(AS OF DECEMBER 31, 2024)

| ST | Name | Address | Phone |
|-----------|---|--|--------------|
| CA | Patton Next Level Enterprises, LLC Attn: Fredran and Nina Patton | 5428 Mazant Loop Antioch, CA 94531 | 802-324-9470 |
| CA | Patton Next Level Enterprises, LLC Attn: Fredran and Nina Patton | 5428 Mazant Loop Antioch, CA 94531 | 802-324-9470 |
| CA | Lotus Restoration LLC Attn: Trent Collier Mason | 5410 18th Ave Sacramento, CA 95820 | 530-802-3265 |
| CA | J&L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
| CA | J& L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
| CA | J& L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
| CA | J& L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
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| CA | J& L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
| CA | J& L Petersen, Inc. Attn: Jim Petersen | 10922 Savona Way Orlando, FL 32827 | 817-307-5851 |
| CO | SMO Services, LLC Attn: Sarah Osbourne | 1667 Emerald Street Broomfield, CO 80020 | 303-594-3948 |
| CT | Byron Herald | 130 Lennox, Suite 2 Stamford, CT 06906 | 201-970-6220 |
| FL | Brian Berkowitz | 1471 Banks Rd. Margate, FL 33063 | 954-789-9265 |
| FL | Zodeo Clearwater-St. Pete, LLC Attn: Lee Rose/Cynthia Penn | 8815 Conroy-Windermere Rd. Ste 289 Orlando, FL 32835 | 401-353-6789 |
| FL | Zodeo Mid-Florida, LLC Attn: Lee Rose/Cynthia Penn | 8815 Conroy-Windermere Rd. Ste 289 Orlando, FL 32835 | 401-353-6789 |
| FL | Zodeo Orlando, LLC | 8815 Conroy-Windermere | 401-353-6789 |

| | | | |
|-----------|--|---|-------------------|
| | Attn: Lee Rose/Cynthia Penn | Rd. Ste 289 Orlando, FL 32835 | |
| FL | Zodeo Tampa, LLC Attn: Lee Rose/Cynthia Penn | 8815 Conroy-Windermere Rd. Ste 289 Orlando, FL 32835 | 401-353-6789 |
| FL | TR3 of SW Florida, LLC Attn: Tony Reese | 14070 Heritage Landing #425 Punta Gorda, FL 33955 | 586-405-3298 |
| GA | Diego Santana Enterprises, Inc. Attn: Rafael Rivera | 3875 Overlake Dr. Cumming, GA 30040 | 404-626-7701 |
| IL | CAP Restoration LLC Attn: Tony Moser | 2152 Glenwood Dyer Road, Suite 3 Lynwood, IL 60411 | 888-577-7206 x311 |
| IL | CAP Restoration LLC Attn: Tony Moser | 2152 Glenwood Dyer Road, Suite 3 Lynwood, IL 60411 | 888-577-7206 x311 |
| MA | Kelly Marshall | 1045 Douglas Turnpike Harrisville, RI 02830 | 401-623-6666 |
| MD | Carol Schaubhut Stephen Schaubhut | 5600 Nursery Rd Dover, PA 17315 | 214-769-6362 |
| MI | Kirbie Management, LLC Attn: Kirk & Debbie Sivic | 7850 Charington Dr., Canton, MI 48187 | 734-363-2302 |
| MI | Kirbie Management, LLC Attn: Kirk & Debbie Sivic | 7850 Charington Dr., Canton, MI 48187 | 734-363-2302 |
| MI | Kirbie Management, LLC Attn: Kirk & Debbie Sivic | 7850 Charington Dr., Canton, MI 48187 | 734-363-2302 |
| MN | BLCD Ventures, Inc. Attn: Brian O'Donnell | 12510 Fletcher Lane Rogers, MN 55374 | 612-802-3564 |
| MO | All Professionals, LLC Attn: Joshua Copeland | 2641 Susan Avenue St. Charles, MO 63301 | 636-328-6424 |
| NC | Bene Vivere, LLC Attn: Kristen Folding/Martin Folding | 3621 Bastion Lane, Suite 101, Raleigh, NC 27604 | 803-465-5123 |
| NE/ SD | Market Klean, Inc. Attn: Martie Law | 106 Washington St. Waterloo, NE 68069 | 402-657-3413 |
| NJ | Viking Recovery and Restoration, LLC Attn: Jim Quigley | 8 Lark Lane Montvale, NJ 07646 | 201-788-2236 |
| OR | Kyle St. George | 5125 9 th Ave NE Lake Stevens, WA 98258 | 360-391-7954 |
| PA | SEP Remediation, LLC Attn: Ed Stapleton and Paula Marcum | 2750 Constitutioon Blvd., Beaver Falls, PA 15010 | 352-877-0316 |
| SC | Sempre Avancando, LLC Attn: Kristen Folding | 142 Hunters Blind Drive Columbia, SC 29212 | 803-465-5123 |
| TX | Lonestar Bio Solutions, LLC Attn: Kenneth Manaloto | 16125 Timbercreek Place Lane, Unit 550, Houston, TX 77084 | 832-919-1984 |
| TX | Lonestar Bio Solutions, LLC Attn: Kenneth Manaloto | 16125 Timbercreek Place Lane, Unit 550, Houston, TX 77084 | 832-919-1984 |
| TX | Texas Bio Cleaners, Inc. Attn: Austin Taylor Erin | 10035 Lake Garden, Dallas, TX 75218 | 817-235-0878 |
| TX | Lonestar Crime & Biorecovery Inc. Attn: Woodley Fisher | 1707 Lockwood Drive, Houston, TX 77020 | 832-577-6648 |
| TX | First Response Biohazard Solutions, | 3003 Amber Forest Trail, | 956-463-4655 |

| | | | |
|----|--|--|--------------|
| | LLC Attn: Justin Eschete & Chad Underwood | Belton, TX 76513 | |
| TX | First Response Biohazard Solutions, LLC Attn: Justin Eschete & Chad Underwood | 3003 Amber Forest Trail, Belton, TX 76513 | 956-463-4655 |
| TX | Hu Cleanup, LLC Attn: Terry Hu | 1816 Lithgow Road, Celina, TX 75009 | 216-206-9119 |
| UT | Wasatch Bio Clean, LLC Attn: Fumin Yu | 978 E. Blue Herion Circle, Draper, UT 84020 | 626-248-0292 |
| UT | Matt Jensen | 1114 Early Lightway, Bluffdale, UT 84065 | 801-455-3595 |
| WV | Crooked Kreek Cleaning and Restoration, LLC Attn: Claire Gibson | 1948 Buckeye Road, Renick, WV 24966 | 304-646-5817 |

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EXHIBIT C-2
TO THE FDD

FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following chart includes the name, last known home address and telephone number of each franchisee who had an Outlet terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

| Franchisee | Last Known Address | Telephone Number | Action |
|--|--|-------------------------|--|
| Bioclear, LLC Attn: Yael Smadja | 525 S Cashmere Terrace Sunnyvale, CA 94087 | 650-441-6392 | Reacquired by Franchisor in 2024 |
| Marisa Elizarraras | 1220 Airport Way, Unit A4, Hailey, ID 83333 | 208-720-3399 | Reacquired by Franchisor in 2025 |
| TWS Services, LLC Attn: Terry Shoenberger | 10171 Bergin Road Howell, MI 48843 | 845-988-6342 | Transferred |
| Eleven Kings, LLC Attn: Marc Cline/ Rachel Cline | 108 Waterside Drive Beaver Falls, PA 15015 | 724-971-1842 | Transferred |

EXHIBIT C-3
TO THE FDD

**FRANCHISEES WHO HAVE SIGNED FRANCHISE
AGREEMENTS BUT NOT OPENED OUTLETS
(AS OF DECEMBER 31, 2023)**

| ST | Name | Address | Phone |
|-----------|--|---|--------------|
| NV | Vegas Vio Solutions, LLC Attn: Clint Whitting | 9025 Lindell Road, Las Vegas, NV 89139 | 702-379-2512 |

Each of these locations has opened as of the Issuance Date of this Disclosure Document.

EXHIBIT D
TO THE FDD

List of State Administrators and Agents for Service of Process

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

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|--------------|--|--|
| CALIFORNIA | Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 or (866) 275-2677 | Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 |
| HAWAII | Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744 | Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 |
| ILLINOIS | Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-1090 | Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 |
| INDIANA | Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681 | Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-7042 | Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 |
| MICHIGAN | Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 373-7117 | Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 |
| MINNESOTA | Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600 | Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101 |
| NEW YORK | NYS Department of Law Investor Protection Bureau | Secretary of State 99 Washington Avenue |

| | | |
|--------------|---|---|
| | 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 | Albany, NY 12231 |
| NORTH DAKOTA | North Dakota Securities Department 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712 | North Dakota Securities Commissioner 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 |
| RHODE ISLAND | Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048 | Director of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920 |
| SOUTH DAKOTA | Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 | Director of the Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501 |
| VIRGINIA | State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051 | Clerk, Virginia State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 |
| WASHINGTON | Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760 | Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 |
| WISCONSIN | Division of Securities Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 608-266-8557 | Division of Securities, Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 |

EXHIBIT E
TO THE FDD

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF CALIFORNIA**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of California or a non-resident who will be operating a franchise in the state of California as follows:

1. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

2. Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. The following paragraph is added to the end of Item 3 of this Disclosure Document:

"Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange."

5. The following sentence is added to the end of Item 6:

"The highest commercial contract rate of interest permissible in California is 10%."

6. Item 17 is amended by the addition of the following language to the original language that appears therein:

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

7. Item 17, the subheading "'Cause' defined – non-curable defaults," is amended by the addition of the following language to the original language that appears therein:

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

8. Item 17, under the subheading "Non-competition covenants after the franchise is terminated or expires," is amended by the addition of the following language to the original language that appears therein:

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

9. Item 17, under each of the subheadings “Dispute Resolution” and “Choice of forum,” is amended by the addition of the following language to the original language that appears therein:

“The Franchise Agreement requires binding arbitration. The arbitration will occur in Ada County, Idaho. These provisions may not be enforceable under California Law.”

10. Item 17, under the subheading “Choice of law,” is amended by the addition of the following language to the original language that appears therein:

“The Franchise Agreement requires application of the laws of Idaho. These provisions may not be enforceable under California Law.”

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

Neither the franchisor, nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

OUR WEBSITE (www.steri-clean.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF ILLINOIS**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Illinois or a non-resident who will be operating a franchise in the state of Illinois as follows:

1. **Illinois law** governs the franchise agreements.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Disclosure Act of 1987 (815 ILCS 705/1-44), as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of such laws.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF INDIANA**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a franchise in the state of Indiana as follows:

1. **Item 3** is amended by the addition of the following language to the original language that appears therein:

“We are not involved in any pending arbitration and have not, during the ten-year period immediately preceding the date of this disclosure document, been a party to any arbitration proceeding.”

2. In **Item 17**, under the subheadings “Requirements for you to renew or extend” and “Conditions for our approval of transfer,” each of the items pertaining to these subheadings is amended by deleting the requirement that Franchisee execute a release.

3. **Item 17** is supplemented by adding to the end of such Item the following:

“The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement conflicts with this law, this law will control.”

“The Franchise Agreement provides that suit must be brought in the state where our principal place of business is located at the time of suit. These provisions may not be enforceable under Indiana law.”

“Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.”

“The provisions of this Addendum only apply if the jurisdictional requirements of the Indiana Franchise Law or the Indiana Deceptive Franchise Practices Law, as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MARYLAND**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the state of Maryland as follows:

1. The franchise agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.
2. **Item 17(c)** is amended to include: The General Release required as a condition of renewal, sale, and/or assignment/transfer *shall not apply* to any liability under the Maryland Franchise Registration and Disclosure Law.
3. **Item 17(v)** is amended to include: A franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MICHIGAN**

Pursuant to the provisions of the Michigan Franchise Investment Law, MCL 445.1501, et. seq., Steri-Clean, Inc. provides the following notices and disclosures to potential franchisees in the State of Michigan: **The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in the franchise documents, the provisions are void and cannot be enforced against you:**

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This provision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is notice that this offering is on file with the Attorney General does not constitute approval, recommendation or endorsement by the Attorney General.

Any questions regarding this Notice should be directed to the State of Michigan, Department of Attorney General, Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909, telephone number (517) 373-7117.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MINNESOTA**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Minnesota or a non-resident who will be operating a franchise in the state of Minnesota as follows:

1. **Item 13** is amended by adding the following to the end of the section:

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

2. **Item 17** is amended by adding the following to the end of the section:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

3. No release or waiver that you enter into pursuant to **Item 17** shall relieve us from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22.
4. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF NORTH DAKOTA**

This Addendum to the Franchise Disclosure Document modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of North Dakota or a non-resident who will be operating a franchise in the State of North Dakota as follows:

1. Item 17 is modified by the addition of the following:

17(c): The North Dakota Securities Commissioner has determined that requiring a franchisee to sign a general release upon renewal of a franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and may not be enforceable. To the extent that any provision of the Franchise Agreement is interpreted to require that the franchisee sign a general release upon renewal of the Franchise Agreement, such provision will be modified to the extent necessary to ensure that the provision is consistent with the Commissioner's determinations and the North Dakota Franchise Investment Law.

17(i): The North Dakota Securities Commissioner has determined that requiring a franchisee to consent to termination or liquidated damages is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and such requirements may not be enforceable. To the extent that any provision of the Franchise Agreement is inconsistent with the Commissioner's determinations and the North Dakota Franchise Investment Law, such provision will be modified to the extent necessary to ensure that the provision is consistent with the Commissioner's determinations and the North Dakota Franchise Investment Law.

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

17(u): With respect to claims under the North Dakota Franchise Investment Law, arbitration of disputes under the Franchise Agreement will take place at a location that is mutually agreeable to all parties.

17(v): If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

17(w): The Franchise Agreement will be governed by the North Dakota Franchise Investment Law.

The provisions of this Addendum only apply if the jurisdictional requirements of North Dakota law, as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of such laws.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF RHODE ISLAND**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Rhode Island or a non-resident who will be operating a franchise in the State of Rhode Island as follows:

1. **Item 17**, under the subheading “Renewal or extension of the term,” will be modified as follows:

You must execute and deliver a general release, in a form satisfactory to us, of any and all claims against us and any of our subsidiaries and affiliates, and our respective officers, directors, agents, shareholders, and employees, excluding only such claims as you may have under the Rhode Island Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 -19-28.1-34.

2. **Item 17**, under each of the subheadings “Dispute Resolution” and “Choice of forum,” is amended by the addition of the following language to the original language that appears therein:

“The Franchise Agreement requires binding arbitration. The arbitration will occur in Ada County, Idaho. These provisions may not be enforceable under Rhode Island Law.”

3. **Item 17**, under the subheading “Choice of law,” is amended by the addition of the following language to the original language that appears therein:

“The Franchise Agreement requires application of the laws of Idaho. These provisions may not be enforceable under Rhode Island Law.”

The provisions of this Addendum only apply if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Steri-Clean, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to **Item 17.h.**:

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

The provisions of this Addendum only apply if the jurisdictional requirements of Virginia law, as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of such laws.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF WISCONSIN**

This Addendum to the disclosure document modifies and supersedes the disclosure document with respect to franchises offered or sold to either a resident of the State of Wisconsin or a non-resident who will be operating a franchise in the State of Wisconsin as follows:

1. **Item 17** is amended by adding the following to the end of the section:

The Wisconsin Fair Dealership Law supersedes any provisions contained in the Franchise Agreement that are inconsistent with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

EXHIBIT F
TO THE FDD

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Addendum (this “Addendum”) modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. (“SCI”) and _____ (“Franchisee”) dated as of _____, 20____ (the “Agreement”) by the addition of the following language, which shall be considered an integral part of the Agreement:

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning transfer, nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to Franchisee concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

e. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.

g. If the Agreement shortens the statute of limitations for claims brought against SCI, the provision may be unenforceable under California law.

2. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

ILLINOIS LAW MODIFICATIONS

1. **Illinois law governs the franchise agreements.**
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 – 51 (1994) (the "Franchise Act") and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (the "Practices Act," together with the Franchise Act, the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Practices Act provides rights to Franchisee concerning nonrenewal and termination of the Agreement. To the extent the Agreement contains a provision that is inconsistent with the Practices Act, the Practices Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Acts, or a rule or order under the Acts, such release shall exclude claims arising under the Acts, and such acknowledgments shall be void with respect to claims under the Acts.

c. If the Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Practices Act, the requirements of the Practices Act will control.

d. The Practices Act provides that substantial modification of the Agreement by SCI requires written consent of the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Practices Act will control.

e. If the Agreement requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Practices Act § 23-2-2.7(10).

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Acts, the Acts will control.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Acts, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201 through 14-233 (the "Maryland Franchise Registration and Disclosure Law"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. The Agreement requires the Franchisee to execute a release of claims under certain circumstances, including renewals pursuant to Section II.B.7. and transfers pursuant to Section XII.B of the Agreement. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Section XXV.B.** of the Agreement is supplemented by the addition of the following to the end of the paragraph therein:

A franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

5. Notwithstanding the terms of the franchise agreement, the Maryland Registration and Disclosure Law shall govern the agreement.

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

7. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

9. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Minnesota Franchise Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that SCI indemnify Franchisee against liability to third parties resulting from claims by third parties that the Franchisee's use of the Marks infringes trademark rights of the third party. SCI does not indemnify against the consequences of Franchisee's use of the Marks except in accordance with the requirements of the Franchise Act.

b. Sec. 80C.14, Subd. 4. of the Franchise Act requires, except in certain specified cases, that Franchisee be given written notice of SCI's intention not to renew 180 days prior to expiration of the franchise and that the Franchisee be given sufficient opportunity to operate the franchise in order to enable the Franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Franchise Act's requirements and shall have no force or effect.

c. Sec. 80C.14, Subd. 3. of the Franchise Act requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure). If the Agreement contains a provision that is inconsistent with the Franchise Act, the provision of the Agreement shall be superseded by the Franchise Act's requirements and shall have no force or effect.

d. If the Agreement requires Franchisee to execute a release of claims, waive any rights or acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, such waiver requirement shall be void, and such acknowledgments shall be void with respect to claims under the Franchise Act.

e. If the Agreement requires that it be governed by a state's law other than the laws of the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

f. If the Agreement requires Franchisee to sue SCI outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

g. Section XV.H of the Agreement shall be amended by deleting that section in its entirety and adding the following:

"I. Injunctive Relief. Franchisee acknowledges that its violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to SCI for which no adequate remedy at law will be available. Accordingly, Franchisee hereby acknowledges that SCI may seek the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may be presumed conclusively that any violation of the terms of said covenants not to compete was accomplished by and through Franchisee's unlawful utilization of SCI's Confidential Information and Trade Secrets."

h. Section XIX.C of the Agreement entitled "Limitation of Claims" shall be amended in part to add that "NO ACTION MAY BE COMMENCED PURSUANT TO MINNESOTA STATUTES, SECTION 80C.17, SUBD. 5 MORE THAN THREE (3) YEARS AFTER THE CAUSE OF ACTION ACCRUES."

i. Section XXV.D. of the Agreement shall be amended by deleting that section in its entirety and adding the following:

“D. Injunctive Relief. Nothing herein contained shall bar SCI's right to seek injunctive relief against threatened conduct that will cause it loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.”.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Agreement requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York General Business Law, or any regulation, rule or order under the New York General Business Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgment shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by a state's law other than the laws of the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

NORTH DAKOTA LAW MODIFICATIONS

1. In recognition of the North Dakota Franchise Investment Law (the "Franchise Law"), North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993) and the Rules and Regulations promulgated thereunder, the Agreement shall be modified as follows:

- a. The following sentence is added to the end of Section II.B. of the Agreement

The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law.

- b. Article 1.8 of Attachment D-1 to the Agreement:

North Dakota law prohibits SCI from requiring Franchisee to consent to pay liquidated damages.

- c. The following sentence is added to the end of Section XV of the Agreement:

If any of the above provisions in this Section XV concerning restrictions on competition are inconsistent with the North Dakota Franchise Investment Law or the Rules and Regulations promulgated thereunder, then the North Dakota laws shall apply.

- d. The following sentence is added to the end of Section XIX.D:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to a waiver of exemplary and punitive damages or a waiver of trial by jury is void.

- e. The following sentence is added to the end of Section XXV and XXVI of the Agreement:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to arbitration outside of North Dakota, consent to jurisdiction of courts outside North Dakota, or consent to the application of laws of a state other than North Dakota is void.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act (the "Act"), R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 -19-28.1-34. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

b. If Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on the following page]

The undersigned does hereby acknowledge receipt of this addendum.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

This Addendum (this "Addendum") modifies and supersedes the Franchise Agreement by and between Steri-Clean, Inc. ("SCI") and _____ ("Franchisee") dated as of _____, 20____ (the "Agreement") by the addition of the following language, which shall be considered an integral part of the Agreement:

WISCONSIN LAW MODIFICATIONS

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 ("Fair Dealership Law"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Wisconsin Fair Dealership Law, among other things, grants Franchisee the right, in most circumstances, to 90 days' prior written notice of termination or non-renewal and 60 days within which to remedy any claimed deficiencies. If the Agreement contains a provision that is inconsistent with these provisions of the Wisconsin Fair Dealership Law, the provisions of the Agreement shall be superseded by the Law's requirements and shall have no force or effect.

b. The Wisconsin Fair Dealership Law allows Franchisee to bring an action against SCI in any court of competent jurisdiction for damages sustained by Franchisee as a consequence of a violation by SCI.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, SCI reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly and fully executed, sealed and delivered this Addendum to the Agreement on the day and year first above written.

SCI:
STERI-CLEAN, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT G
TO THE FDD

GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____ by _____ ("Releasor"), _____ ("Guarantors"), _____ ("Transferee") as a condition of [CHECK ONE]:

_____ (a) the transfer of the Franchise Agreement dated _____ between Steri-Clean, Inc. ("SCI") and Releasor ("Franchise Agreement");

_____ (b) the execution of a renewal Franchise Agreement between Releasor and SCI. (If this Release is executed under the conditions set forth in (c), all references in this Release to "Transferee" should be ignored.)

1. **Release by Releasor, Transferee, and Guarantors.** Releasor and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "Releasing Parties") freely and without any influence forever release (i) SCI, (ii) SCI's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) SCI's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasing Party ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchised Business, the Franchise Agreement, and all other agreements between any Releasing Party and SCI or SCI's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts.** Releasor, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Releasor, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue.** Releasor, Transferee, and Guarantors (on behalf of the Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency.** Releasor, Transferee, and Guarantors represent and warrant that: (i) the Releasing Parties are the sole owners of all Claims and rights released in Section 1 and that the Releasing Parties have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasing Party has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense.** Releasor, Transferee, and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasing Party.

7. **Counterparts.** This Release may be executed in two or more counterparts (including by facsimile),

each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. **Capitalized Terms.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Releasor, Transferee, and Guarantors have executed this Release as of the date shown above.

RELEASOR

By: _____

Print Name: _____

Title: _____

Date: _____

TRANSFeree (IF APPLICABLE)

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR

By: _____

Print Name: _____

Title: _____

Date: _____

STATE EFFECTIVE DATES

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

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

| State | Effective Date |
|--------------|----------------|
| California | |
| Hawaii | |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Virginia | |
| Washington | |
| Wisconsin | |

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.

RECEIPT

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

If Steri-Clean, Inc. offers you a franchise, it must provide the disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Steri-Clean, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Cory Chalmers at 3940 Woodside Blvd., Hailey, ID 83333, (800) 929-1498.

Steri-Clean, Inc.'s registered agents authorized to receive service of process are set forth on Exhibit D.

The date of issuance of this disclosure document is April 23, 2025

I received a disclosure document dated April 23, 2025 that included the following Exhibits: A. Franchise Agreement; B. Financial Statements; C-1. List of Franchise Locations; C-2. Franchisees Who Have Left the System; C-3. Franchisees with Unopened Locations; D. List of State Administrators & Agents for Service of Process; E. State-specific Addenda to the Disclosure Document; F. State-specific Addenda to Franchise Agreement; and G. General Release.

Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

Address Line 1

Print Franchisee's Name (if an Entity)

Address Line 2

Please sign this copy of the receipt, date your signature, keep it for your records.

RECEIPT

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

If Steri-Clean, Inc. offers you a franchise, it must provide the disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Steri-Clean, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed on Exhibit D.

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Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

Address Line 1

Print Franchisee's Name (if an Entity)

Address Line 2

Please sign this copy of the receipt, date your signature, and return it to Steri-Clean, Inc., 3940 Woodside Blvd., Hailey, ID 83333, (800) 929-1498.