

## Franchise Disclosure Document [FDD]



ANC Green Solutions I, LLC  
a Delaware limited liability company  
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Decatur, Alabama 35603  
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The Franchise offered is for the operation of an outdoor insect control service business that offers services to control undesirable outdoor insects such as mosquitos, ticks and fleas at regular intervals or on an as needed basis. This is a seasonal business that is service oriented providing specialized services to residential and commercial customers who need to manage outdoor insects utilizing safe and organic methods, under the name “Superior Mosquito Defense®.”

The total estimated initial investment required to begin operation of a Superior Mosquito Defense® Franchise ranges from \$17,400 to \$27,950 for a Conversion Model and from \$31,300 to \$46,200 for a Standard Model which will depend on a number of factors that are fully discussed in Item 7. This includes \$10,000 for a Conversion Model or \$20,000 for a Standard Model.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read the 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 any affiliate in connection with the proposed franchise sale. **Note, however, 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:

Heath Legg, President  
ANC Green Solutions I, LLC  
4601 Old Highway 31 South  
Decatur, Alabama 35603  
(256) 355-1871

The terms of your contract will govern your franchise relationship. Don't 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](http://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.

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## 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit I includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Superior Mosquito Defense® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Superior Mosquito Defense® franchisee?</b>	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 E.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Alabama. 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 litigate with the franchisor in Alabama than in your own state.

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

The Franchisor is ANC Green Solutions I, LLC, a Delaware limited liability company, doing business as “Superior Mosquito Defense®.” For ease of reference, ANC Green Solutions I, LLC will be referred to as “we,” “us,” “our,” “ANC” or “Franchisor” in this Disclosure Document. We will refer to the person or entity who buys the Franchise as “you,” “your,” and “Franchisee,” throughout this Disclosure Document. If you are a corporation or a limited liability company or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members or owners and will be noted. Any entity such as corporations, partnerships, limited liability companies or other type of entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.”

We are a Delaware limited liability company, formed on October 2, 2019. We do business under the same name as our corporate name “ANC Green Solutions I, LLC” and may also use the name “Superior Mosquito Defense,” “Superior Mosquito Shield” or “Superior Lawn Care.” Our principal business address is 4601 Old Highway 31 South, Decatur, Alabama 35603. We operate and sell franchises for the operation of a business known as “Superior Mosquito Defense®” (the “Business,” “Franchise” or “Franchised Business”). We offer a Franchise Agreement for the development and operation of an outdoor insect control service business, which is within a protected territory. This is the first time ANC has offered franchises of the type described in this Disclosure Document, and ANC has never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

Our Predecessors and Affiliates:

Prior to the formation of ANC, we conducted our franchise business through Legg SMS Franchising, Inc. (“LSMS”), an Alabama corporation. LSMS was formed on September 20, 2013 and was dissolved on October 2, 2019. From 2013 through most of 2019, LSMS offered a Franchise Agreement for the development and operation of an outdoor insect control services business. LSMS’s franchise business was substantially similar to our business, and LSMS also operated under the names Superior Mosquito Defense,” “Superior Mosquito Shield” or “Superior Lawn Care.” LSMS also operated from the same principal business address as us. LSMS no longer offers franchises of the type described in this Disclosure Document, and LSMS has never offered franchises in any other line of business.

In 2019, we completed an investment transaction whereby our predecessor, Legg Lawn Care, Inc. (“LLCI”) became part of the newly-formed ANC. The predecessor to our affiliate LLCI, Legg Lawn Care owned by Heath Legg, began operations as a sole proprietor on March 1, 1996 and later formed LLCI, an Alabama corporation, on June 11, 2009 (into which the sole proprietorship was transferred). Until October 4, 2019, LLCI shared the same physical address as us and operated a Superior Mosquito Defense® Business substantially similar to the franchise being offered by us. LLCI provided all franchisees with proprietary products as an approved vendor. On October 4, 2019, LLCI ceased existence as an Alabama corporation and changed its legal name to ANC Green Solutions I, LLC.

ANC now holds both company and franchised operations and will do so going forward.

Our Business and the Franchises Offered:

The Superior Mosquito Defense® Business has been developed to offer customers a cost-effective, safe and organic solution to control outdoor insects (with the use of organic compounds and repellents) as

an alternative to traditional inorganic pest control techniques. This is a service oriented business that is seasonal and is typically operated as a home-based business however can be operated out of a small warehouse or industrial space (all of which must be approved by us). Franchises will be offered to qualified individuals who will be given an option to convert an existing business into a Superior Mosquito Defense® Business (“Conversion Model”) or to open a new startup business (“Standard Model”). Each Superior Mosquito Defense® franchise will offer services and products that include, but are not limited to: treatment services to control outdoor insects using our organic proprietary solutions either on an as-needed basis or regularly scheduled maintenance programs; special outdoor event insect control services (such as for: weddings, reunions, conventions, civic events, etc.), service guarantee programs and subcontracting services to lawn care service providers in addition to other approved outdoor insect-related services and products. We may authorize you to offer additional services and products in the future such as: lawn spraying services, tree and shrub treatment services, lawn maintenance services, landscaping services, irrigation installation and repair services, pest control services, underground fencing services and any other service or product approved by us. Unless it is necessary for us to distinguish in this Disclosure Document between a Conversion Model and a Standard Model, references to the Franchise, Franchised Business or Business include either model, and references to your “Location” cover any and all Conversion or Standard Model locations you operate.

Competition includes national and local outdoor insect control service businesses operated by national chains, local chains, independent operators and to some extent pest control businesses offering similar services to those found in a Superior Mosquito Defense® Business. Outdoor insect control services that controls mosquitos, ticks and fleas providing piece of mind and convenience for homeowners is becoming highly competitive throughout the United States as the market is growing, changing and evolving. Generally there is seasonality to this business as the busy months tend to be from March to October each year, depending on the location of your franchised business. In the northern states the busy months may be a shorter period. We plan controlled expansion into areas that we determine can support a Superior Mosquito Defense® Business to improve name recognition and our reputation through Franchised Businesses. Superior Mosquito Defense® Business is characterized by our customized services, proprietary products (such as organic compounds, repellents, solutions and privately labeled product), other products, equipment and supplies; specific methods, techniques and treatment procedures; our guarantee programs, unique recognizable signage and vehicle appearance standards with specific design and color schemes; a regional franchise web page housed within our national website, customer service guidelines, purchasing strategies, relationships with vendors and suppliers, operational procedures, marketing, advertising and promotional programs; our confidential operations manual (“Operations Manual” or “Manuals”) and other manuals which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by Franchisor periodically (the “System”).

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin. You will be licensed to use not only these marks and designs, but also all other service marks, trademarks, slogans, logos and emblems as we may designate for use in connection with the System (collectively, the “Marks” and each a “Mark”).

Other risks that may affect your business include but not limited to: industry developments, pricing policies of your competitors, state licensing requirements, supply and demand. Another risk to mention is your dependence on key personnel, the loss of whom could have an adverse effect on your Business. The purchase of a Superior Mosquito Defense® (or any other) franchise is speculative, and a significant investment beyond that outlined in this Disclosure Document may be required to succeed. There are no

guarantees for success and the most important factors in the success of any Superior Mosquito Defense® Franchise, including yours, are your personal business, marketing, management, judgment, other skills and your willingness to work hard and diligently to follow our System.

### **Laws and Regulations:**

In addition to laws and regulations that apply to businesses generally, some states have regulations pertaining to the outdoor insect control industry. If your state has such regulations, then you must comply with all local, state and federal pesticide codes, regulations and Environmental Protection Agency (“EPA”) and other environmental regulations. In addition some states have regulations pertaining to the outdoor insect control industry and may require that you or your manager must have one to three years of experience in applying pesticides along with individual licensing and/or certification requirements.

Several states may have legislation pending regarding the use of organic treatments to kill outdoor insects, or proposed regulations issued by that State’s Department of Environmental Management or similar agency. In addition, there is no guarantee that the United States Environmental Protection Agency, or the Food and Drug Administration will in the future issue regulations that may affect our process to eliminate outdoor insects. You should check with your state’s pest control commission, licensing boards, associations or local municipality to confirm the existence of state and local statutory requirements and pending legislation in your state. You are responsible for checking the laws of the state in which you intend to conduct business to determine if you are required to obtain any permits or if there are any licensing or registration requirements and other statutes, codes, rules, regulations or ordinances specific to your Business. In some states, there are regulations specific to certain insects such as ticks, and you must ascertain all laws and regulations specific to local laws and regulations. In certain states, either you or an employee must have one to three years of experience applying pesticides in addition to necessary individual licensing in order to qualify for a business license. If you are in a state and do not have the required experience, you must hire (or partner with) at least one individual who has such necessary license. In addition, some states require each employee working your Business that applies or spays any type of pesticide to be trained and tested. You must know such laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with any such laws and regulations as well as obtain any licenses, certifications or permits required by your locality for performing work in your Business. You should consider both their effect on your business and the cost of compliance.

Your business may be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers’ compensation, teenage labor practices, disabled employees and discrimination in employment practices. You may be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding employment opportunities. There may be other laws and codes applicable to your business, and we urge you to make further inquiries about those laws and codes.

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states. Certain requirements, including compliance with federal and/or state solicitation, telemarketing (for example, the “do not call” registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. Given that you will be required to accept consumer payment by credit card, you must ensure that you comply with all laws applicable to processing credit card payments, including compliance with the

Payment Card Industry Data Security Standard. Additionally, you should be aware that some states have auto-renewal statutes which govern memberships which automatically renew and require, for example, that consumers be provided conspicuous instructions on how to cancel such memberships. You must comply with any privacy and data security laws applicable to any data you collect and/or maintain from customers. You must comply with all local, state and federal laws that apply to your business and to the public.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws in addition to obtaining and keeping in force all necessary certifications, licenses and permits required by public authorities, since they vary from place to place and can change over time. Although we monitor legal requirements that affect our franchisees and we make our information available to you, because of the number of potential state and local issues we cannot guarantee that it will be complete, current and accurate. Therefore, we recommend that you consult with your attorney for an understanding of all the laws applicable to your specific Superior Mosquito Defense® Business and in complying with them.

We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

## **ITEM 2** **BUSINESS EXPERIENCE**

**Founder and President/CEO: Heath Legg.** Heath Legg is the founder of the Superior Mosquito Defense® business model, serving as our President since the inception of Legg SMS Franchising, Inc. n/k/a ANC Green Solutions I, LLC in September 2013. Heath has been responsible for developing our operational procedures, streamlining efficiencies and all marketing programs. From March 1996 to present, Heath has been serving as President for Legg Lawn Care, Inc. n/k/a ANC Green Solutions I, LLC based out of Decatur, Alabama.

**Vice President of Operations: Jim Legg.** Jim has been with the company since the inception of Legg SMS Franchising, Inc. n/k/a ANC Green Solutions I, LLC in September 2013. He has been responsible for streamlining operations, establishing treatment and customer service standards. From March 1996 to present, he has been a Manager for Legg Lawn Care, Inc. n/k/a ANC Green Solutions I, LLC based out of Decatur, Alabama.

## **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4** **BANKRUPTCY**

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

## **ITEM 5** **INITIAL FEES**

The Initial Franchise Fee for a single Franchise (the “Initial Franchise Fee”) is \$10,000 for a Conversion Model or \$20,000 for a Standard Model in a protected area. The protected area of a Franchise is determined once a location from where you want to operate your Business is identified and approved by us. The Initial Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees. The Franchise Fee also includes the development of a custom local affiliate web page for your Franchise housed within our national website, a web server for your web page and will include access to franchise portals online for ongoing news bulletins and templates for print and advertising materials to support your business, a comprehensive training program including an Operations Manual, our 5-day training program at corporate headquarters and a startup kit that includes promotional and marketing items. You will be required to purchase all proprietary products from our affiliate (as described in Item 8). You will be provided with a list of approved vendors and suppliers for all other products, supplies and equipment necessary to operate your Business. At the time you sign your Franchise Agreement you may purchase additional franchises for \$10,000 each, and you must sign a new Franchise Agreement for each.

The Initial Franchise Fee is paid in a lump sum at the time the Franchise Agreement is signed and is deemed fully earned and nonrefundable upon payment per the terms of the Franchise Agreement as applicable, except as provided in Item 11. The Illinois Attorney General’s Franchise Division requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the franchise agreement.

We may offer you the option to provide additional services, such as lawn care, and/or pest control for additional up front fee of \$4,500. The payment for additional services is paid in a lump sum at the time the Franchise Agreement is signed and is deemed fully earned and nonrefundable upon payment per the terms of the Franchise Agreement as applicable, except as provided in Item 11.

We may offer you an option to be awarded a Superior Mosquito Defense® Franchise, on the terms set forth in the Option Agreement Exhibit F. Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business. For the option, you pay a nonrefundable fee of \$2,500 that: (i) will be credited toward the Initial Franchise Fee if you exercise the option to purchase an initial franchise during the six months option term; or (ii) will be credited toward the franchise fee for an additional franchise if you exercise your option to buy an additional franchise during the 6 month option term following the purchase of the option to buy an additional franchise. The Franchise Fee upon exercise of an option will be the same amount as the initial fee without an option.

The Initial Franchise Fee, Additional Services Payment, and Option Fee are not refundable and are payable in full when you sign the Franchise Agreement or Option Agreement, as applicable, except as provided in Item 11. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the initial Franchise Fee and all other Initial payments or deposit them into escrow until we have met our initial obligations to you; see state addenda in Exhibit D.

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalties	5% of Gross Revenues or a flat \$250 per calendar month (whichever is greater) starting immediately	Due by the 10 <sup>th</sup> day of each month for the previous month.	See Note 1
System Advertising	1% of Gross Revenues or a flat \$50 per calendar month (whichever is greater) starting immediately once your Business is open for operation.	Due by the 10 <sup>th</sup> day of each month for the previous month.	We may increase this fee upon 90 days' written notice to you. However, your total contribution will not exceed 3% of Gross Revenue and/or an increase to the flat fee of more than \$25 per month in any calendar year. The
Advertising Local	Minimum of \$10,000 or 5% of Gross Revenues annually after opening for business, whichever is greater.	Spent by you to promote your Business.	You must spend a minimum of \$10,000 or 5% of your Gross Revenue annually on local advertising and promotion for your Business, in addition to the System Advertising contribution you pay to us each month. Failure to spend the minimum amount on local advertising and promotion for your Business may result in termination. See Item 11.
Interest and Late Charges	1.5% per month or maximum rate allowed by law, plus \$25 provided the interest rate cannot exceed the maximum legal rate.	After due date of fees.	See Note 3
Additional Training	\$250 per person per day or costs of third party charges.	At time training is scheduled and/or additional assistance is requested by you.	While the initial Franchise Fee includes the cost of our initial training program, the Initial Franchisee Fee only covers training for up to three individuals. Upon your request, we can provide training to any new manager or key staff member for an additional training fee of up to \$250 per person. Additionally this fee is applicable upon an approved transfer of the Franchise. See Item 11.
Transfer Fee	A flat fee of \$1,500 for any transfer of part or all of the Business. If	At the time the transferee signs the Franchise Agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
	transferee came from our lead database, you may be required to pay the then-current referral fee to us plus any costs associated with applicable broker fees		the business is transferred.
Costs and Attorney's Fees	Will vary under circumstances.	As Incurred	Payable as incurred by us in obtaining injunctive relief for the enforcement of any item of the Franchise Agreement.
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) up to the maximum interest rate allowed by law.	Ten days after receipt of audit report.	Payable only if you understate Gross Revenues by 2% or more. We expect the cost to be between \$2,500- \$5,000 unless your books are not well kept.
Indemnification	Will vary under circumstances.	On Demand	As Incurred; See Note 4
Software Fees and Ongoing Support	Currently \$175 per month for software and ongoing support for each user for the first 6 months, and then \$199 per month after the first 6 months for the 1 <sup>st</sup> user. An additional \$75 per month for each additional user.	Monthly	Payable to us, our affiliates and/or approved vendors. See Note 5
Answering Service Fee	Currently \$100-\$125 per month for answering all incoming calls	Monthly	Payable to our approved vendors See Note 6
Product, Vendor and Equipment Testing Fee	\$50 per product or vendor. \$150 for equipment testing	On Demand	See Note 7
Renewal Fee	\$1,500	At the time of the five year renewal period for each franchise.	For the same protected area
Resale Fee	Varies	On Demand	If you ask and we agree to assist you in finding a buyer for your business, you pay us a fee to cover our costs and expenses, including time committed by our personnel. See Note 8
Temporary Management	Actual Costs	On Demand	Upon death or disability, a manager who completed our

Type of Fee	Amount	Due Date	Remarks
			training, must be employed to operate the Business. If not done, we can appoint a manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge against those revenues, the amount of our expenses. See Note 9.
Conference Fee	<p>Conference fee, travel, transportation, lodging, meals and incidental expenses in addition to compensation of the people you send to any conferences. Will vary under circumstances.</p> <p>There will be a registration fee for conferences not to exceed \$500 per person although we will work in good faith to keep the cost so it does not exceed our cost.</p>	As Incurred	As Incurred and payable to third parties and us. See Note 10.
Continuing Education and Conferences	<p>Will vary under circumstances.</p> <p>Continuing Education is estimated not to exceed \$250 per person per day subject to the current per diem fee and our expenses.</p> <p>There will be a registration fee for conferences.</p>	As Incurred	<p>The location for the Continuing Education will be at our headquarters although we reserve the right to provide them over the internet or phone.</p> <p>There will normally be an annual conference for all franchisees and other conferences as needed. See Item 11, (13) (iii) for more detail. See Note 11</p>
Search Engine Optimization Fee	Up to \$500 per month on an ongoing basis, plus Pay Per Click, social media, and maintenance fees up to \$1,000 per month, which may be required by us during select months. Such fees will be determined based upon an analysis of your territory.	Due on the 10 <sup>th</sup> day of the month for the previous month if required.	See Note 12.

Type of Fee	Amount	Due Date	Remarks
Consulting Fee	Up to \$450 per month on an ongoing basis.	Due on the 10th day after receipt of invoice from us.	See Note 12.

Except as stated above, you pay all fees to us. All fees are non-refundable.

**Note 1:** Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Franchised Business or with this Franchise, whether on or off your premises. Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products; and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only gratuities paid by customers to employees of the Business, service fees for credit card transactions, sales tax receipts that you must by law collect or pay and any customer refunds of previous payments you actually make.

The royalty obligation begins immediately after the opening of your Business for operation and continues for the term of your Franchise. The royalty is due and payable monthly on the 10<sup>th</sup> day of each month, but is to be received how we specify. The royalty rate is 5% of your Gross Revenues or a flat \$250 (whichever is greater) per calendar month for the entire term of your Franchise Agreement. If your Business opens for operation on the 25<sup>th</sup> of the month or any time thereafter, then your royalty obligation will start at the beginning of the following month. For example, if you open your Business on April 26<sup>th</sup> then we would consider May as your first month in operation and your royalty payments would begin in June for your May royalty obligation. If your Franchise Agreement is terminated, you may be required to continue royalty payments for the remaining term of your Franchise Agreement.

Royalty fees shall be payable by direct deposit from franchisee's account to us and all royalty fee are imposed by us only. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the time and manner of payment upon written notice to you. All royalty fees are non-refundable. All royalties are uniformly imposed.

**Note 2:** You will pay us a System Advertising Fee contribution equal to 1% of Gross Revenues or a flat \$50 per calendar month as defined in the Franchise Agreement. The System Advertising Fee is collected by us and all System Advertising Fees are non-refundable, and are uniformly imposed. The System Advertising Fund is currently in effect. The payment of the System Advertising Fee begins immediately after the opening of your Business for operation (as defined in Note 1) and is due on the 10<sup>th</sup> day of the each month, then continues for the term of the Franchise, unless your Business opens for operation on the 25<sup>th</sup> of the month or any time thereafter, then your System Advertising Fee obligation will start at the beginning of the following month.. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenues in any calendar year and/or more than \$25 per month increase to the flat fee minimum requirement in any calendar year. Gross Revenue is defined in the Franchise Agreement and in Note 1 above. You pay the System Advertising contribution at the same time and under the same terms as the royalty described above.

**Note 3:** Interest and late charges begin to accrue from the due date of payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments, provided no interest shall exceed the maximum legal rate. All interest and late charges are: collected only by us, payable only to us, are uniformly imposed and non-refundable.

**Note 4:** You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. Indemnification expenses are not uniformly imposed, but rather vary based on the amount of damages, and the amount of attorney's fees. If you default under the agreement and we engage an attorney for collection or enforcement, you must pay all our damages, legal fees and costs to the extent permitted by law (Franchise Agreement Section XVIII). Indemnification expenses vary depending on the amount of the claim, and the amount of attorney's fees necessary for us to handle that claim and consequently are not uniformly imposed.

**Note 5:** You are required to use specific software for the management of your Business. The software is a program specific to the service industry that manages everything from scheduling to routing and incorporates contact management, and reporting functionality. The fee for the usage of such software and ongoing support is currently \$175 per month for the first 6 months and is \$199 a month thereafter for the 1<sup>st</sup> user, as well as \$75 per month for each additional user, and is collected by and payable to us, our affiliates or approved vendors. Software fees are non-refundable, and are uniformly imposed. It is your responsibility to install and upgrade the software for your Business. We may change the software requirements upon 60 days' written notice to you and you will be required to adhere to our new software requirements at your own expense (Franchise Agreement Section X.E).

**Note 6:** You are required to use a professional answering service to answer your phones if you do not have administrative staff and after regular business hours. The costs for such services range \$100-\$125 per month for up to one hundred calls and is then is approximately 60¢ per call thereafter payable to third parties. Answering services must be performed by our approved vendors. It is your responsibility to manage the answering service, return all calls immediately and turn it into a successful transaction. We may change such answering service requirements upon 60 days' written notice to you and you will be required to adhere to our answering service requirements at your own expense. Answering service fees are non-refundable. Answering service fees may or may not be uniformly imposed depending on the terms of your vendor agreement. Answering service fees are payable to and collected by our approved vendors (Franchise Agreement Section X.F).

**Note 7:** You will be required to obtain our written approval for any product, piece of equipment, vendor and/or supplier that you wish to use in the operation of your Business (as described in Item 8) and you will be responsible for paying us an assessment fee. This fee is \$50 for any single product, vendor and/or supplier you wish to offer, use and/or substitute in your Business. The fee for equipment testing is a minimum of \$150 per piece or the actual cost incurred by us. We may waive these fees if the products, equipment, vendors and/or suppliers you select meet our requirements and are added to our approved list of products, equipment, vendors and/or suppliers for all franchise locations. All product, equipment and vendor assessment fees are payable only to us, are non-refundable and are uniformly imposed (Franchise Agreement Section X.G).

**Note 8:** Resale fees are collected only by us, and payable only us. Resale fees are not uniformly imposed by us, because the resale fee will vary depending on the amount of time that our personnel must work with

you to sell the assets of your franchised location, and the resale services that we provide to you. Resale fees are non-refundable.

**Note 9:** Temporary management fees are collected only by us, and are payable only to us. Temporary management fees are not uniformly imposed by us, because the temporary management fee will vary depending on the length of time that you need a temporary manager, the salary paid to the temporary manager, as well as the temporary manager’s travel and living expenses. Temporary management fees are non-refundable.

**Note 10:** All conference fees are collected by us, and payable only to us, except for travel expenses, lodging expenses which are payable and collected by third party providers. All conference fees are uniformly imposed. Conference fees are non-refundable. The conferences consist of monthly franchise calls and/or guest speakers, and the conferences are not mandatory.

**Note 11:** All continuing education fees are collected only by us, and payable only to us. All continuing education fees are uniformly imposed. Continuing education fees are non-refundable. Continuing education consists of monthly calls with franchisees that focus on best practices and sometimes on new product/service offerings. Continuing education is not mandatory.

**Note 12:** You may be required to purchase some or all of the items discussed in this note from us, our affiliates and/or approved vendors. Search Engine Optimization (SEO) must be purchased from us. The cost of SEO is currently up to \$500 per month on an ongoing basis, plus Pay Per Click, social media, and maintenance fees up to \$1,000 per month, which may be required by us during select months. Such fees will be determined based upon an analysis of your territory. Consulting fees up to \$450 per month on an as needed basis may be charged by us or our designee. We may provide consulting fees up to \$450 per month on an as needed basis. All SEO fees and My Social Fees are not refundable, may be collected by us, and may be payable only to us. Pay Per Click Fees are uniformly imposed, not refundable, collected by us, and payable to us. Pay Per Click fees will vary depending on whether or not it is peak season for mosquitos, and other services. These prices are estimated and are subject to change.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	A Conversion Model	B Standard Model	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$10,000	\$20,000	The Initial Franchise Fee is \$10,000 for a Conversion Model or \$20,000 for a Standard Model for a defined territory which includes a startup kit, training and a web page. This is non-refundable.	At signing of the Franchise Agreement.	Franchisor. See Item 5 Note 1
Optional Services Fee	\$0 or 4,500	\$0 or \$4,500	As incurred	At signing of the Franchise Agreement	Franchisor. See Note 2
Computers and Software	\$1,200	\$1,500 to \$2,700	As incurred.	Before opening	Vendors. See Note 3.

Type of Expenditure	A Conversion Model	B Standard Model	Method of Payment	When Due	To Whom Payment is to be Made
Equipment, Furniture and Fixtures	\$1,000	\$1,000 to \$1,800	As incurred.	Before opening	Approved vendors. See Note 4
Real Estate	Varies	\$0 to \$650	As incurred.	Before Opening	Landlord. See Note 5
Inventory of Products and Supplies	\$500 to \$1,000	\$800 to \$1,000	Lump sum.	Before Opening	Approved vendors. See Note 6
Utility Deposit	\$0	\$0 to \$300	As incurred	Before Opening	Landlord. See Note 7.
Vehicle	\$0	\$1,500 to \$2,500	As Incurred.	Down Payment, or Purchase	Approved vendors. See Note 8.
Vehicle Graphics	\$2,500 to \$4,000	\$2,500 to \$4,000	Lump sum;	Before Opening	Approved vendors. See Note 9
Apparel	\$100 to \$250	\$100 to \$250	Lump sum;	Before Opening	Approved vendors. See Note 10
Insurance	\$0	\$1,000 to \$1,500	As incurred; before commencing operations of the Business and as required by insurance company.	Spent over the course of twelve months	Payable to third parties. See Note 11
Travel, Lodging and Meals for Initial Training Program	\$600 to \$1,500	\$600 to \$1,500	As incurred.	Before Opening	See Note 12
Business and Professional Licenses	\$0 to \$500	\$800 to \$1,500	As incurred; licenses may be required to operate your Business and any professional legal and accounting fees incurred.	Before Opening	Appropriate licensing authorities and Third Parties. See Note 13.
Operating Expenses and Additional Funds	\$1,500 to \$5,000	\$1,500 to \$5,000	Additional funds necessary for the start-up of your business which includes working capital.	Spent over the course of the first 3 months	See Note 14
<b>Total</b>	<b>\$17,400 to \$27,950</b>	<b>\$31,300 to \$46,200</b>			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

**Column A:** Represents a Conversion Model which is converting an existing business into a Superior Mosquito Defense® business.

**Column B:** Represents a Standard Model which is opening a new startup business.

**Note 1:** We will provide you with a startup kit that includes promotional and marketing items to help accelerate the opening of your Business. The startup kit will be provided to you as part of your franchise fee and includes but is not limited to an inventory of: web site, email address, Facebook page, polo shirt, dryfit spray shirt, cap, business cards, yard signs, estimate forms and printed materials. You will need to add to this kit when you run out of such items and all items must be purchased through us, our affiliates or approved vendors and/or suppliers (Franchise Agreement XX.A). The training program is included in your Initial Franchise Fee for up to three individuals. The 5-day training program takes place at our corporate headquarters in Decatur, Alabama, unless headquarters is moved.

**Note 2:** If you choose to offer additional services, including but not limited to: lawn care; or pest care, we will charge you \$4,500 at the time that you sign the Franchise Agreement. You must choose whether or not you want to provide additional services at the time you sign the Franchise Agreement. Additional Services Fees are not refundable. All Gross Revenue earned on additional services are subject to payment of Royalties.

**Note 3:** This is an estimate for the costs of purchasing for computers, software, printer, copier, high-speed internet connection, router, modem, smart phone and an answering system to operate your business.

**Note 4:** This is an estimate for the equipment, furniture and fixtures we would expect you to need in order to operate your business. The equipment you will need to purchase includes: backpack gas powered sprayer, one 50 gallon water tank and a manual or electric pump. The items we would expect you to need for furniture and fixtures include: desks, chairs, filing cabinets, shelving and storage bins. For a Conversion Model your costs will vary depending on how much equipment, furniture and fixtures you have already in your business and whether or not your equipment, furniture and fixtures meet our specifications. For the Standard Model, the low end of this estimate represents an estimated cost for equipment, furniture and fixtures you need if you intend to operate your Business from your home and the high end of this estimate represents such costs if you intend to operate your Business from a small warehouse space. You must purchase all equipment, furniture and fixtures that meet or specifications, which may change from time to time. You must purchase all equipment, furniture and fixtures directly from our approved vendors and suppliers. You may be able to use some existing furniture and fixtures when operating your office out of your home. Expenses for equipment, furniture and fixtures do not include shipping or delivery costs and may not be refundable depending on the terms of the invoice or the purchase agreement.

**Note 5:** You are encouraged to operate your Business out of your home however you can choose to operate out of a location (such as a small warehouse space). For a Conversion Model, rent depends on what you are currently paying for space. For the Standard Model, the low end of this estimate represents a home-based business and the high end of this estimate represents leasing a small warehouse space of approximately 500 square feet at an average rent of .65¢ per square foot per month. You may be able to reduce this expense if you are able to occupy a space in an existing location that compliments another business as long as your arrangement does not violate any applicable laws, regulations or zoning restrictions. If you decide to lease a warehouse space, we advise you to find a space needing minimal leasehold improvements or fixtures and the space must be enclosed and separate from other businesses with its own locking door. These sums do not include any sums for the purchase of real property, as we do not expect that you will buy real property. This estimate includes the first month's rent and the security

deposit. Whether or not rent or lease payments are refundable depends on the terms and conditions of your rental agreement or lease agreement with your landlord (Franchise Agreement Sections XII.S and XII.T).

**Note 6:** You must purchase products and supplies for the general operation of your Business as specified in the operations manual. The table provides an estimated cost for startup inventory of products and supplies necessary for the operation of the Business. You must purchase only approved products and supplies, and you must purchase products that meet our specifications, which may change from time to time. The types of products and supplies include, but is not limited to: different solutions, proprietary products (which are organic compounds, repellents, solutions and any product that is privately labeled), mosquito dunks, a small tool box with basic tools and a variety of supplies (such as: containers, buckets, personal protection equipment, weather proof bags, cleaning and janitorial supplies) in addition to general office supplies, first aid kits, yard signs concerning the use of our products on that property miscellaneous forms and other products or supplies as specified by us. We will provide you with written lists of approved products and supplies during training. All products and supplies must be purchased through us, our affiliates or approved vendors and/or suppliers, except all yard signs, marketing and promotional materials and miscellaneous forms must be purchased directly from us. Your initial supply of yard signs, marketing and promotional materials and miscellaneous forms are included in your Initial Franchise Fee. Whether or not any of the products and supplies is refundable depends on the terms of your invoice or purchase agreement (Franchise Agreement Sections XII.I and XX.I).

**Note 7:** Your costs will vary due to policies of local utilities and this estimate includes a utility deposit. Utility deposits usually are not refundable. The circumstances under which a utility deposit would cost \$0 relates to a Conversion Model in which some services may not need to be duplicated, *e.g.*, setting up an entity.

**Note 8:** You must purchase a minimum of one large pickup truck with an extended cab (“Vehicle”) for your Business to transport equipment and perform services. The Vehicle must contain our wrap package. You must purchase the types of Vehicles that are on our approved list of Vehicles which we will provide to you during your initial training program. You can purchase a used or new Vehicle for your Business however we require that all Vehicles meet our appearance standards and the Vehicles you operate are not more than ten years old unless otherwise approved by us. We expect that you will need to purchase a used or new vehicle for the Business. For the Conversion Model, you may be able to use your existing vehicles so long as such vehicles meet our specifications. For the Standard Model, the low end of the estimate is an estimated down payment for purchasing a used Vehicle which is approximately \$1,500 per Vehicle and the high end of the estimate is for a down payment for the complete purchase price of a new Vehicle. Your costs to for new Vehicle may be reduced if you choose to lease rather than purchase. The purchase agreement price will vary from dealer to dealer, and the terms of your loan, including the interest rate and term, may vary depending on your credit worthiness, changes in credit markets and other factors which are not under our control. We can't give you any guarantees or make any representations as to the terms, conditions or otherwise of any financing for your Vehicle. You may elect to purchase additional Vehicles to keep up with the growth of your Business, but are not required to do so however if you purchase additional Vehicles they must all be of the same type as your first Vehicle so that your fleet is consistent. Whether or not payments made for the purchase of your Vehicle is refundable depends on the terms and conditions offered by your dealer.

**Note 9:** You must place our approved wrap package (graphics) on your vehicle, and we will provide you with specifications for vehicle graphics during the training program. We specify and provide you with the

guidelines in the operations manual. Whether or not payments made for the wrap package (vehicle graphics) are refundable depends on the terms and conditions offered by the vendor (Franchise Agreement Sections XII.U and XX.H).

**Note 10:** You must purchase and maintain an inventory of approved apparel for the operation of your Business. All apparel must meet our specifications, which may change from time to time. You will need a minimum inventory of t-shirts and hats that incorporate our logo and approved graphics for your staff for your first month of operation. This is an estimate for a minimum inventory of t-shirts and hats for your employees. The number of t-shirts and hats you will need for your staff will vary depending upon the number of employees you hire. You are required to purchase all t-shirts and hats directly from us or our approved vendors. Your Initial Franchise Fee includes two t-shirts and two hats. This estimate does not include any shipping costs which (if applicable) are your responsibility.

**Note 11:** This estimated amount represents twelve months of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. For a Conversion Model the estimate reflects current insurance that you already have and will be able to maintain so long as your insurance coverage meets our specifications. You must obtain and keep general comprehensive liability insurance (that includes a property insurance rider) with a minimum policy limit of \$1,000,000 per occurrence and \$1,000,000 aggregate or in amounts as we may require that reflects inflation, identification of new risks, changes in law or other relevant changes in circumstances. Our estimate excludes workers compensation insurance. You must obtain business interruption insurance and automotive liability insurance with a minimum policy limit of \$100,000 including uninsured motorist/minimum of \$100,000 or in amounts as we may require to reflect inflation, identification of new risks, changes in law or other relevant changes in circumstances (Franchise Agreement XIII).

You may need other insurance such as tenant's liability, statutory workers' compensation insurance (if applicable) and employer's liability insurance with minimum policy limits of \$1,000,000 or an amount we reasonably specify, professional liability insurance (covers you for damages that you create that do not result in property or bodily injury), product liability insurance (covers you for damages that result in injury from products that you distribute), employee dishonesty insurance, employment practices liability insurance and property insurance are optional however we may require you to obtain this coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depend on the terms and conditions of your insurance policies.

**Note 12:** Our training is held at corporate headquarters. You are responsible for all costs associated with attending such as travel, room and board. Estimate provided is for one person. Additional training is available at your request for which an additional training fee of up to \$250 per person per day may be required. Hotel and travel expenses may or may not be refundable depending on the terms of your booking agreement. Training fees are not refundable.

**Note 13:** The circumstances under which business and professional licenses would cost \$0 relates to a Conversion Model in which some services and tasks may not need to be duplicated.

**Note 14:** These figures are just estimates and we cannot guarantee that you will not have higher costs. Competitive conditions described in Item 1 will affect these costs. Estimate includes minimum working capital for the start-up of your Business. This also includes estimates of miscellaneous start-up costs such as: rent for an additional two months, purchasing additional equipment, product and supplies; fuel

expenses, vehicle maintenance, hiring employees, taxes, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

**Total Estimated Initial Investment.** The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principals' combined expertise when preparing these figures. We base our estimates on the costs of start-up incur by our affiliate. The actual amount of funds you will need depends on a variety of factors, including: the time of year when you start your Business, the amount of equipment, products and supplies you purchase; if you purchase additional equipment, furniture or fixtures; if you purchase a vehicle, if you choose to lease a space rather than operate home-based, if you hire employees, prevailing wage rates, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on owner-operated business incorporating operations in your home or out of a small warehouse space and does not include salaries or benefits for full-time employees. As your Business grows, you may choose to hire employees to carry out support service tasks.

This estimate of start-up costs is calculated for a period of 3 months, with additional operating capital to be available as may be needed during the initial phase. This estimate of startup costs is calculated for a period of one month (except as stated otherwise), with additional operating capital to be available as may be needed during the initial phase. These costs do not include your Royalty Fee payments and System Advertising Fee payments, which begins immediately once your Business is open for operation (as described in Item 6). Royalty and System Advertising fee payments should be included in your projections of overall operations costs beginning with your third month of operation. Franchisor acknowledges that a Franchisee may choose to invest additional funds into their business during the first three months of operation, and sometimes longer, but we cannot estimate or promise when, or whether, any individual Franchisee will achieve positive cash flow or profits. These amounts are estimates only and specific amounts will vary with local market conditions, which are outside our control. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least 12 months.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We may offer or designate others to offer products, supplies, equipment or services and we may become approved suppliers or the only approved supplier(s) for the following: different solutions, mosquito dunks, tool box, proprietary products (which are organic compounds, repellents and solutions in addition to products that carry the Superior Mosquito Defense® brand), equipment (such as backpack gas powered sprayer, one 50 gallon water tank and a manual or electric pump), furniture and fixtures (as described Item 7), computers, supplies (such as: containers, buckets, personal protection equipment, weather proof bags, cleaning and janitorial supplies), Vehicles, vehicle graphics, apparel, marketing materials, yard signs, printed advertising materials and promotional items, software, answering service providers, merchant

account providers, shows and event marketing opportunities, and vendor, co-branding, affinity programs. You must purchase all yard signs, advertising, marketing and promotional materials from us. You must use our software program, no customer should be served without a printed ticket from our software program. You must use our approved SEO services. We are the only approved vendor and supplier for all proprietary products to be purchased by you for the operation of your Business. If we develop proprietary equipment, supplies or software in the future, you must purchase such equipment, supplies and software from our approved suppliers, affiliates or us.

For your Business, you must have and/or purchase a computer, software, products, supplies, equipment, apparel, Vehicle and vehicle graphics. For a Conversion Model you may be able to use your existing computers, furniture and fixtures. You may also be able to use your existing vehicle so long as such vehicle meets our Vehicle specifications (such as Vehicle type vehicle wrap package, and appearance standards) otherwise you will need to purchase a new or used Vehicle for your Business. However for a Standard Model you are required to purchase the type of Vehicle (new or used) that is on our approved list of Vehicles to operate your Business. We will provide you with a written list of Vehicle specifications (approved types of Vehicles and appearance standards) during the initial training program. Vehicle specifications are outlined in the Operations Manual and are based on our sole judgment and discretion based on the experience of our company owned businesses. All services must be provided from a vehicle that contains our current vehicle wrap package. The Vehicle must be maintained by you, and must be damage free. If there is damage to the vehicle wrap, the vehicle wrap must be reinstalled within 30 days. If there is damage to the vehicle, in addition to the vehicle wrap, then the damage to the vehicle must be repaired within 60 days. Failure adhere to all such Vehicle specifications may put you in default under your Franchise Agreement. If our affiliate cannot provide any products and/or supplies in a reasonable time, you are authorized to acquire them from a source you believe complies with our requirements. You must notify us in writing before you take this action and stop using the vendor once our affiliate is able to provide products and/or supplies in a timely manner.

We base our specifications for products, supplies, equipment, vendor and supplier approvals on our discretionary determination of quality, accuracy of product claims, safety, value, prompt attention to complaints, financial stability, litigation against supplier, product recalls, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund.

You do have the right to suggest an alternative source of supply for a particular product(s) to us. But we have the right to disapprove supply sources from you. We will include our criteria for approving alternative sources of supply in the Operations Manual. You must notify us by email or in writing of any attempt to contract with an alternative supplier. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. We may require third party testing, in which case you will pay the actual cost of the tests in addition to the product, vendor and equipment testing fee as described in Item 6. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to an adequate request to approve products, supplies, equipment, vendors and/or suppliers will be made within 30 days after we receive it. Approval may be revoked in our sole discretion where an approved product, supply, equipment, vendor or supplier does not adhere to the specifications described above. We will notify you either by email or any other written form of communication of our approval, disapproval of or revocation of any prior approval of any product, supply, equipment, vendor or supplier. One of our primary methods of communication with franchisees is through announcements and/or newsletters we may periodically publish and an intranet system provided to franchisees on our website. You are responsible

for knowing all of the information contained in the announcements and/or newsletters and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements or newsletters and intranet system as well as by written notices and emails described above. We will use our best efforts to advise you within thirty (30) days whether such products, supplies, equipment, vendors or suppliers are approved as further described in Item 8. The notice of approval will be in writing or by email.

A written list of approved vendors and suppliers from whom products, supplies and equipment may be purchased will be provided to you during the initial training program and may be amended by us periodically. We may require you to use or contribute to specified answering service providers, merchant service providers and communications programs, promotional items, vendor discounts, allowances and rebates. We also may receive a credit toward payment for answering service providers based on your use of the service. We may require vendors and/or suppliers to provide certain information in addition to signing a nondisclosure agreement and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense.

We issue standards and specifications to you regarding solutions, mosquito dunks, tool box, vehicle wrap package, software program, proprietary products (which are organic compounds, repellents and solutions in addition to products that carry the Superior Mosquito Defense<sup>®</sup> brand), equipment (such as backpack gas powered sprayer, one 50 gallon water tank and a manual or electric pump), furniture and fixtures (as described Item 7), computers, supplies (such as: containers, buckets, personal protection equipment, weather proof bags, cleaning and janitorial supplies), Vehicles, vehicle graphics, apparel, marketing materials, yard signs, printed advertising materials and promotional items, software, answering service providers, merchant account providers, shows and event marketing opportunities, and vendor, co-branding, affinity programs. Also, your employees must wear all required apparel, when you are providing services for any customer. In addition, you may serve customers by using printed tickets only from our software. We have the right to modify any and all such specifications at any time by giving you 30 days advanced written or email notification. Our standards and specifications are contained in the Operations Manual.

All marketing and promotion of your Business by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit samples of all advertising or promotional plans and materials that you desire to use to us for approval if such has not been prepared or previously approved by us. You may not use any marketing or promotional materials that we have disapproved. This includes any website promotion over the Internet to promote events for your Business. You must submit a request to us for any type of Internet promotion you wish to do in addition to any edits, changes or updates to your web page. Internet promotions, edits, changes or updates to your web page must be done by us, our affiliates or approved vendors. Upon approval of your request, you are responsible for all costs associated with any such edits, changes or updates. Our response to your request for such Internet promotions, edits, changes or updates to your web page will be made within 30 days after we receive it. We will notify you by email, in writing or by any other form of written communication of our approval or disapproval. You must not conduct any advertising without our written permission, in any Social Media such as Twitter, Facebook, LinkedIn and others.

Our total franchise revenue for 2020 was \$94,273. We did not earn anything from required purchases from suppliers, including us, for 2020. None (0%) of our revenues came from franchisees

required purchases from us in 2020. Our affiliate received \$0 from our franchisees as payments for required supplies in 2020.

For a Conversion Model, it is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 40%-50% of your total initial purchases, depending on whether you choose to purchase a vehicle. For a Standard Model, it is estimated that all of your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 40%-50% of your total initial purchases. During the operation of the Franchised Business, required purchases from us, our affiliates or the vendors that we specify and approve (not including royalties or labor costs) are estimated to represent approximately 2%-10% of your total monthly purchases for both a Conversion and Standard Model in the continuing operation of your Business (depends on how many customers you service and how often you service them).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

If you choose to operate out of a location, we maintain specifications for the construction and build out of your Business, leasehold improvements, storage, vehicle graphics, signage and décor to be used for the interior and exterior of your Business. You may not install or permit to be installed on the Business premises any décor items, signage, games, vending machines or other items without our written consent or that do not comply with our specifications. These specifications may include minimum standards for quality, performance, delivery, safety, durability, appearance, size, color, design, material and other characteristics. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices or email notices to our franchisees. In some cases, our specifications may involve confidential and proprietary information and such specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer and these specifications may be modified periodically, through periodic written notices to our franchisees.

If you choose to open a location for your franchise under a lease, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The lessor must agree that without its consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us.
2. The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the Lease, and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the Lease as if the Lease had been assigned by you to us.

3. You are required to furnish copies of all insurance policies required by the Franchise Agreement and by the Lease to us, or such other evidence of insurance coverage and payment of premiums as we request or permit or under the Lease.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

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

<b><u>Obligation</u></b>	<b><u>Section In Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
(a) Site selection and acquisition/lease	Sections XII.S and XX.C. of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section VIII of Franchise Agreement	Item 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, X.E, XII.T, XX.C. of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A. of Franchise Agreement	Item 11
(e) Opening	Section IX.A. of Franchise Agreement	Item 11
(f) Fees	Sections IX and X of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A, XII.H of Franchise Agreement	Item 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.I. of Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Not Applicable	None
(k) Territory development	Section VI of Franchise Agreement	Item 12
(l) On-going product/services purchases	Section XII.I. of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section XII.E. and Section XII J. of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7

<b><u>Obligation</u></b>	<b><u>Section In Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
(o) Advertising	Sections X.B., X.C., X.D of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Item 6
(q) Owner's participation/management/staffing	Sections XII.F, XII.K. of Franchise Agreement	Items 11 and 15
(r) Records/reports	Section XIV of Franchise Agreement	Item 6 and 11
(s) Inspections/audits	Sections XII.Q, XIV.B. of Franchise Agreement	Item 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Item 6 and 17
(u) Renewal	Section VII.B. of Franchise Agreement	Item 6 and 17
(v) Post-termination obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition covenants	Section XIX of Franchise Agreement	Item 17
(x) Dispute resolution	Section XXV.C. and XXV.D of Franchise Agreement	Item 17

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING**

**Except as listed below, ANC Green Solutions I, LLC [the Franchisor] need not provide any assistance to you under the Franchise Agreement.**

Before you open your Business, we will:

- (1) Accept the site for your Business. Whether you choose to operate the Business out of your home or if you choose to open a location (such as a small warehouse), you select the site for your Business within the protected Territory provided in the Franchise Agreement. We do not generally own the site and lease it back to you. We must accept the site if we feel in our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. The factors that we consider in acceptance of the site include population density, freeway access, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed

site and accept, or do not accept, each one on a case-by-case basis (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. We do not lease your premises and sublease it to you.

- (2) Insert the accepted site on your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:
  - (i) The site which you have submitted for the Business is within your allocated territory and is suitable based on criteria we establish periodically; and
  - (ii) You and your Owners are in compliance with the Franchise Agreement.
- (3) Approve the lease for your Business, if applicable. You must submit the lease to us for our approval at least 10 days before you sign the lease agreement. You must send us a signed copy of the lease within 5 days of both parties signing the lease. The Franchise Agreement does not provide any time period for our approval or disapproval of your lease. (Franchise Agreement, Sections XII.S and XX.C).
- (4) We may provide guidelines when obtaining licenses, certifications, and permits that are required for your business. You will be required to conform your site to local zoning ordinances, regulations, fire, health and building codes. It is your responsibility to comply with all laws, ordinances and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses and permits to operate your Business (Franchise Agreement, Sections XII.C and XX.A). It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Section XX.D).
- (5) If you choose to lease a space for your Business, we provide the following assistance to you, concerning constructing, remodeling, and decorating your premises: we will inform you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for the Business at the accepted location. We may, if needed, review your architect's final plan. Provide you with a written list of Vehicle specifications (approved types of Vehicles and appearance standards). You are responsible for the cost of the Vehicle and the purchase, installation and cost of all vehicle graphics (. We do not install any graphics on your vehicles. (Franchise Agreement, Sections XII.H, XII.I, XII.U, XX.A and XX.H).
- (6) Provide you with: a written list of our approved services, guarantee programs and products you are authorized to offer and sell; a written list of approved products, supplies, equipment and services (as described in Item 8) that you are authorized to use; a written list of approved vendors and suppliers to purchase products, supplies, equipment and services from that you are authorized to use or sell in your Business. We will also train you on strategies for purchasing such products, supplies and equipment for your Business. You are responsible

for the cost of these items as they are necessary for the operation of your Business. You are required to purchase all proprietary products from our affiliate and all other items listed above either from us, our affiliates and/or our approved vendors (Franchise Agreement, Sections XII.I, XX.A, XX.H, and XX.I).

- (7) Provide you with specifications for a computer and software necessary to operate the Business. You are obligated to upgrade all software, repair and maintain all the computers necessary for the operation of your Business. We will deliver the specifications, but not the above items, and you are responsible for installing these items (Franchise Agreement Sections XII.I, XX.A and XX.H).
- (8) Provide you with all recommended guidelines and standards for hiring and training employees in addition to general guidance. We will provide you with checklists, specifications and requirements when hiring and training employees; however, you are responsible for all the employees you hire and their behavior during the operation of your Business (Franchise Agreement, Sections XII.F, XX.A and XX.E).
- (9) Provide you with a startup kit (as described in Item 7) and deliver to you a web page for your Franchise operations at no additional cost incurred by you (Franchise Agreement, Sections IX.C, XX.A and XX.B).

We estimate that there will be an interval of 60 days between the signing of the Franchise Agreement and the time you begin operating your Business. Factors that may affect this length of time include: obtaining a location for your Business that is approved by us, time of year you open the Business, obtaining certifications and permits from your state (if applicable), satisfactory completion of our initial training program by you (or your Owners) and availability products, supplies and equipment necessary for you to begin operating your Business. If you choose to open a location (such as a small warehouse) for your Business, you must acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement within the timeframe mentioned above (not applicable if home-based). If opening a location, you must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence of satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your Business and will notify you of the same by e-mail or other form of written communication. Failure to open your Business for operation within 60 days from signing the Franchise Agreement (as mentioned above) will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement.

During your operation of the Business we will:

- (1) Provide you with updated and approved lists of: services, guarantee programs and products you are authorized to offer; products, supplies, equipment, services, vendor and suppliers (as described in Item 8) that you can use, offer and sell in your Business. We will provide you with such product, supply and equipment guidelines, but not the actual items and you are responsible for purchasing these items. We will review and approve or disapprove any product, supply, equipment, service, vendor or supplier you wish to use, offer or sell in the operation of your Business. You may be responsible for paying any costs related to testing any samples (as described in Item 8). All proprietary products must be purchased from our

affiliate and will be made available in quantities sufficient to meet the demands of your Business (Franchise Agreement, Sections XII.H, XII.I, XX.H and XX.I).

- (2) Provide you with all recommended guidelines and standards for hiring and training employees in addition to general guidance. We will provide you with checklists, specifications and requirements when hiring and training employees; however, you are responsible for all the employees you hire and their behavior during the operation of your Business (Franchise Agreement, Sections XII.F, XX.A and XX.E).
- (3) Provide you with suggested prices for services and products. We will establish minimum and maximum prices you can charge to the extent allowed by law. We will continue to research new services and products for the System as we deem necessary (Franchise Agreement XX.K).
- (4) Continue to consult with you at no additional charge regarding: products, supplies and equipment; execution of services, policies, industry developments, employee relations, sales, advertising and marketing. We will offer assistance, advice, guidance and experience to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.W and XX.A).
- (5) Provide a telephone hotline, free of charge, to answer questions from you or your staff (during regular business hours Central Time Zone). You will be able to contact us for questions, suggestions and guidance (Franchise Agreement, Section XX.A).
- (6) Review and approve all advertising, marketing and promotional materials in addition to any promotions, edits, changes or updates to your web page that you submit to us (Franchise Agreement, Section XII.H, XII.I, XX.B and XX.J). (6) Provide continuing education to any new manager of your business as noted in paragraph 13 (iii) below. We may require that you, any Owners and any manager(s), or assistant manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.W and XX.A).
- (7) Offer to you assistance in establishing and using administrative, bookkeeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Section XX.A).
- (8) Provide you with all update and upgrade requirements for your computer systems and software or changes in our policies that are communicated to you in writing. The cost of such systems is approximately \$1,200 for a Conversion Model and approximately \$1,500 to \$2,700 for a Standard Model (see Item 7). The cost for computer hardware and software upgrades is estimated to be approximately \$500 per year. If we develop proprietary software in the future, we will provide you with update and upgrade requirements; however, we are not obligated to provide any upgrades to any software programs that we do not own and license to you. We are not obligated to provide maintenance or repairs to any computer system, software or computer hardware that you use in the operation of your Business. We reserve the right to have independent access to all information that you store in any computer system and/or electronic cash register used for the Business, but you are not required

specifically to purchase any electronic cash register. (Franchise Agreement, Sections XII.H, XII.I, XII.U, XX.A and XX.H).

- (9) Reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the 'Fund') to support ongoing technology and new services and product development to be made available to franchisees, and such national advertising as we, in our sole discretion, may deem appropriate to promote Superior Mosquito Defense<sup>®</sup> name to benefit all franchised businesses as described in Item 6. But, we do not use any monies in the Fund to solicit new franchisees. We will direct all such programs and will have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department, or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be either national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).
- (i) You will pay us 1% of Gross Revenues or a flat \$50 per calendar month (whichever is greater) for the System Advertising contribution, paid to Franchisor, as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not increase exceed 3% of your Gross Revenue and/or increase the flat fee to more than \$25 in any calendar year for the term of the Agreement. Contributions are due by the tenth day of the month (for the prior month) which will start immediately once your Business is open for operation and will continue for the term of your franchise (as described in Item 6).
- (ii) The contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new services, technologies, product development, market research, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new services, products, supplies and equipment to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, internet, radio and television and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Superior Mosquito Defense<sup>®</sup> franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use.
- (iii) In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on Fund usage and advertising policies. We retain all operational and decision making authority concerning advertising and

the Advisory Council will serve only in an advisory capacity. The membership of any Franchise Advisory Council will be national in scope. The Advisory Council will not be separately incorporated, and therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Advisory Council as described below.

- (iv) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. When the Fund is established and activated, all Superior Mosquito Defense<sup>®</sup> businesses owned by us, or any Owners must contribute to the Fund in the same proportion as all franchisees.
  - (v) Any businesses we own will vote in the same manner as franchisee members. We administer the fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the System Advertising Fund in any one year, and such funds may be accrued into the next year. The System Advertising Fund has not been established before the date of this Disclosure Document.
  - (vi) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the System Advertising Fund.
- (10) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council will be determined.

Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. Any fees payable to any future regional franchisee marketing council will not exceed 2% of your annual gross revenues. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee advisory council. We will administer any franchisee marketing council. Even though we have not yet formed any franchisee marketing councils, we may require that all franchisees within close proximity to a consumer show, convention or exhibition where product and services are being sold to participate in the cost and benefit of the event. (Franchise Agreement, Section XIII.L).

- (11) You must spend a minimum of \$10,000 or 5% of your Gross Revenue annually on local advertising and promotion for your Business, in addition to the System Advertising contribution you pay to us each month. You must report your quarterly advertising expenditures to us by the 10<sup>th</sup> day after the end of each quarter, or at times, on forms, and in a manner we determine. Failure to spend the minimum amount on local advertising and promotion for your Business may result in termination of your franchise and loss of your investment. (Franchise Agreement, Section X.C).

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within 30 days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you need not follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising. (Franchise Agreement, Section XII.L).

Unless we approve otherwise in writing, you may not establish a separate Website and will only have one web page, as we designate and approve, within our website. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). You must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. However, if we approve a separate Website for you (which we are not obligated to do), then each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we

may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites. (Franchise Agreement, Section VI.6).

- (12) Before the opening of your Franchise, yourself, any Owner, proposed manager and/or key personnel you designate are required to attend the 5-day Franchisee training program at our corporate headquarters in Decatur, Alabama unless headquarters is moved. We maintain a regular calendar for the training program and the trainings are held approximately six to eight times per year (or more frequent if needed). The training program is included in your Initial Franchise Fee for up to three individuals. You are responsible for all costs associated with attending the program such as travel, room and board.
- (i) If any proposed manager does not satisfactorily complete our training program, we will notify you, and you may then select and enroll a substitute manager in our training program. If, during the training program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) are not qualified to manage a Superior Mosquito Defense<sup>®</sup> Business, you can appoint someone else to be trained at your expense. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement.
  - (ii) After the completion of our training program by you and your key personnel, we can upon your request provide training to any new manager or key staff member of your Business for which an additional training fee of up to \$250 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. In addition, we have the right to require that you (or such managing partner, member or shareholder) and any manager(s), assistant manager(s) and staff complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters in Decatur, Alabama, at the fee as described above.
  - (iii) After the opening of your Business, we may provide to you and your personnel, access to information and support through our intranet system. Support may also be available from our professionals, and we may provide refresher training or continuing education programs either through phone, web based (“webinars”), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars or video) may have a registration charge to you which will not exceed more than \$250 per person per day plus our expenses. You are responsible for costs associated with you attending the programs such as travel, room and board. The programs will normally not exceed two days and we expect to at least have quarterly programs subject to special need. The content will cover particular aspects including but not limited to: treatment techniques, best practices for training employees, standards for servicing customers, new products, supplies or equipment; trends in the industry, operational guidelines, safety, website and software developments, sales, marketing, administration and so forth. We may conduct an annual convention at such place as shall be designated by us for all franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to

maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The fees charged above may be increased based on the increase of actual costs incurred by us.

- (iv) No earlier than 30 days before the date you anticipate operating your Business, we will provide training for you as noted in the following training schedule. This training curriculum is fully detailed in the Operations Manual and will change periodically. Our training team will include directors from our Decatur corporate office, members of our website development team, members from our approved suppliers and service providers.

### **TRAINING SCHEDULE: AT CORPORATE OFFICES**

Superior Mosquito Defense<sup>®</sup> Franchise Training Program includes an Operations Manual, hands-on training, and demos. This training curriculum is fully detailed in the Operations Manual and will change periodically. The Table of Contents of the Operations Manual is included in Exhibit E and as of the date of this disclosure, it contains 205 pages.

#### **Training Program**

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught under the direction of Heath Legg and Jim Legg who both have 25 years of experience in the outdoor insect control industry. All instructors will have a minimum of three years of experience. Occasionally, different guest speakers may make an appearance at the training program to provide information about various pieces of products, equipment, supplies and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors or industry experts.

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On The Job Training</b>	<b>Location</b>
Superior Mosquito Defense <sup>®</sup> System, Service Standards and Philosophy	2 Hours		Corporate headquarters in Decatur, Alabama or as we otherwise specify.
Approved Products, Equipment and Supplies	2 Hours	1 Hour	Corporate headquarters in Decatur, Alabama, your location, or as we otherwise specify.
How to Apply Products, Use Equipment and Service Customers		8 Hours	Your location or as we otherwise specify.
Answering Phones, Scheduling and Routing	4 Hours		Corporate headquarters in Decatur, Alabama or as we otherwise specify.

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On The Job Training</b>	<b>Location</b>
Vehicle Requirements, Appearance Specifications and Setup	1 Hour		Corporate headquarters in Decatur, Alabama or as we otherwise specify.
Sales Presentations, Estimates, Fee Schedules and Overcoming Objections	6 Hours	2 Hours	Corporate headquarters in Decatur, Alabama, your location, or as we otherwise specify.
Safety Training and Security Measures	1 Hour	2 Hours	Corporate headquarters in Decatur, Alabama, your location, or as we otherwise specify.
Advertising and Marketing Strategies	6 Hours		Corporate headquarters in Decatur, Alabama or as we otherwise specify.
Technology, Website and Software Training*	2 Hours	3 Hours	Corporate headquarters in Decatur, Alabama, your location, or as we otherwise specify.
Administrative and Bookkeeping Responsibilities	1 Hour		Corporate headquarters in Decatur, Alabama or as we otherwise specify.
Hiring and Working with Employees	2 Hours		Corporate headquarters in Decatur, Alabama or as we otherwise specify.

We use the following instructional materials in our training program: presentations; demos, the operations manual; on the job training; role playing; the marketing plan; and various Speakers.

\*Additional software training will be provided to franchisees and performed by our approved vendors online after the initial training above is completed.

#### Ongoing Training:

We will provide you with regularly scheduled conference calls that will require your participation in addition to announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you. In very rare instances, we may periodically require that you or your managing partners, members, shareholders, manager and/or employees complete additional refresher or continuing education training programs to correct, improve and/or enhance the operations of your Business either at our corporate office, annual conference or any other location we may specify. Anyone attending additional refresher or continuing education training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iii) above).

During your operation of the Business, we may:

- (1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to service standards, products, equipment and also operational and sales matters related to a Superior Mosquito Defense<sup>®</sup> Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).
- (2) Provide to you and your personnel, Superior Mosquito Defense<sup>®</sup> Franchise Continuing Education meetings at locations designated by us, which we expect to be at our headquarters with a fee not to exceed more than \$250 per person per day and our expenses which can vary from area to area. We reserve to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).
- (3) Conduct quarterly meetings or an annual convention at such place as shall be designated by us (Franchise Agreement, Section XX.A).
- (4) Establish a franchisee elected peer group whose main purpose is to mentor and support each other.
- (5) Provide to you an intranet system, free of charge, to answer questions from you or your staff (during regular business hours, Central Time Zone). In addition, you will be able to send us questions and suggestions using Internet email (Franchise Agreement, Sections XX.A).

## **ITEM 12** **TERRITORY**

You must operate your single Franchise within the specific location identified in your Franchise Agreement. The franchise is for a specific location. You are awarded a protected territory (“Territory”) of a defined population as much as 300,000 persons which means it may be less than such amount. We reserve the right to grant a territory that is larger or smaller than the population area defined above, in order to account for more densely or sparsely populated areas. We will determine your Territory based on the most recently published data from the U.S. Census Bureau (or other source as we may indicate to you). You will have the only Superior Mosquito Defense<sup>®</sup> Business within your Territory. Your licensed Territory is determined by zip code, population, average household incomes, demographics of the surrounding area, our own assessment of business potential (such as the number of: single family households, multi-family households, colleges, universities, military bases, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Superior Mosquito Defense<sup>®</sup> Business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once an area is chosen, and will not be altered even if there is a population increase or decrease. However, your Territory may be modified if you fail to meet minimum revenue performance as outlined below. Certain locations, such as major metropolitan areas for example, may have smaller territories because of densely populated areas.

You may not relocate your Business without our written consent, which we will not unreasonably withhold or delay. We will review the lease of your new Premises prior to execution, as well as the location in determining whether or not to approve your relocation.

We may offer you an option to be awarded a Superior Mosquito Defense® Franchise, on the terms set forth in the Option Agreement Exhibit F. Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business. There is no right of first refusal to purchase a Superior Mosquito Defense® Franchise for a neighboring territory, unless you sign an option agreement for that specific territory. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and are in compliance with all of the terms and conditions of the Franchise Agreement.

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. We cannot establish either a company-owned Franchise nor license another to locate a Superior Mosquito Defense® Franchise within your Territory during the term of the Franchise Agreement, so long as you are in compliance with the Franchise Agreement, including achievement of the basic revenue performance minimum as follows:

<b>Annual Minimum Revenue</b>	<b>Year Ending</b>
\$30,000	1
\$60,000	2
\$90,000	3

After year three (3), you must maintain a minimum annual revenue of \$90,000. If you fail to meet the minimum revenue performance standard, we may modify your territory

All services must be performed within your Territory. However, given unique circumstances, you may be able to perform services in geographic areas outside your Territory with written permission by us. We shall approve or deny your request, which approval is in our sole discretion, within 3 business days of receipt of your written request and will respond by email or any other form of written communication (as described below). In addition, you must not perform Target Marketing outside your Territory, as described below, and can directly market and solicit customers only within the accepted Territory that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement.

The Territory described above will affect where you and our other franchisees may provide services, sell product and solicit business. We may grant you permission to perform services in other geographical areas outside your Territory (as further described below). If the other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you and you might not have the right of first refusal or option to buy the territory that was formally unassigned. You may sell products to customers who live outside your Territory even if such customers live within another franchisee’s territory so long as your sales do not result from any direct solicitation activities by you and the products you sell are being sold from your Business within your defined Territory. We, other

franchisees and company-owned businesses reserve the same right to sell products to customers who may live within your defined Territory without compensation to you. Therefore, although you may be the only franchisee physically located in your territory, you do not receive an exclusive territory. You are prohibited from soliciting and marketing in general to customers by any means outside of your respective Territory and must not specifically engage in target marketing (“Target Marketing”) of customers within the Territory of another Superior Mosquito Defense® Business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain customers through any type of advertisement or marketing, directed at all or a portion of another franchisee’s Territory. **We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.**

If you are asked to provide services for customers that are in another geographical area in which there is another franchisee or company-owned business, you must immediately refer the customer to the Superior Mosquito Defense® business in that geographical area or directly to us. If the other franchisee or company-owned business determines it in the best interest of the customer for you to provide services, then you can service the customer. If there is not a Superior Mosquito Defense® franchise or company-owned business in the geographical area in which the customer wants services then you must obtain our written permission to service the customer and if granted permission you must be prepared to refer the customer to another franchisee when the unassigned area is purchased. We shall approve or deny your request, which approval is in our sole discretion, within 3 business days of receipt of your written request by email or any other form of written communication. We and other franchisees must refer customers that live within your Territory to you and also reserve the same right to provide services to customers who may live within your defined Territory if it is determined to be in the customer’s best interest. If during the time of the Franchise Agreement, you are unable to promptly and properly serve any of your customers due to excessive work or other cause you must refer that customer to another franchisee in the System or to us. If you fail to refer customers as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to exclusivity in the Territory, effective 10 days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory (Franchise Agreement Sections VI, XII.H and XXIII.C).

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services and/or products to any business or non-profit organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee’s territory regardless of the contract amount of the services to be performed (a “National Account”). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services and/or provide products at negotiated rates under the National Account contract. If you choose not to perform services and/or provide products at negotiated rates, there will be no consequence and if we choose, or if you choose not to perform services and/or provide products to a National Account, then we may perform services and/or provide products directly ourselves, or through another franchisee or third party even if the services to be performed and/or products sold are within your Territory without compensation to you.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

- (1) Advertise, market and sell Superior Mosquito Defense<sup>®</sup> branded and trademarked services, products and equipment in your Territory;
- (2) To advertise, offer and promote the services and products to promote the System through the Internet, World Wide Web and/or other similar venues no matter where the customer lives to brand the System within your Territory;
- (3) Sell, distribute or offer anywhere any services or products to customers located anywhere through any alternative or other channel of distribution, other than local business operations providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;
- (4) Develop and distribute proprietary products and equipment that have been branded with our Mark or logo or different branded products and equipment through any outlet located anywhere (including, by way of illustration, discount club chains, retail stores, over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to distribute products and equipment, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;
- (5) Implement advertising cooperative programs which may allow us or others to offer services, products, solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and/or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and
- (7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your Franchise Businesses) are converted to another format, maintained under the System or otherwise. Each Superior Mosquito Defense<sup>®</sup> Franchise Business awarded to you will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of our services or products by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the Franchised Business or any business that does not use the Marks.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services or products under a trade name or trademark different from Superior Mosquito Defense<sup>®</sup> Marks.

## **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is “Superior Mosquito Defense” along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The mark and design “S Superior Mosquito Defense” is registered on the principal register of the United States Patent and Trademark Office (“USPTO”), bearing the registration number 4,595,890, and is owned by ANC Green Solutions I, LLC. The mark and design “S Superior” is registered on the principal register of the USPTO, bearing the registration number 4,595,891, and is owned by ANC Green Solutions I, LLC. The word mark “Superior Mosquito Defense” is also registered on the principal register of the USPTO, bearing registration number 4,635,699, and is owned by ANC Green Solutions I, LLC. We also claim common law rights in our trademarks based on our prior use. All required affidavits on the Marks have been filed with the USPTO.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks.

By “trademarks” we mean trade names, trademarks, service marks, logos, and commercial symbols used to identify the business and certain foreign marks. There are no agreements currently in effect that significantly limit our rights to use or license others to use Marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks of your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business

(including on your Vehicle), and to purchase and install new signs and vehicle graphics. We have no liability to you.

There are no infringing uses actually known to us as of the effective date of this Disclosure Document that could materially affect your use of the Marks in the State of Alabama or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with selling services and products; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Franchise by placing your name on the business and on all vehicles, checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase “A franchise of Superior Mosquito Defense<sup>®</sup>” or such other phrase as we occasionally direct.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any registered patents or copyrights which are material to this franchise; however we claim common law trade secret protection for several aspects of our System, services, methods, techniques, products, software, business procedures, website, design, décor, signage, Vehicle specifications, graphics contained on your Vehicle, manuals, workbooks and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. If we do obtain copyright registration on any of the above materials, we intend to renew our registrations. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. In addition, we have the right to substitute alternative copyrighted materials and/or trade secrets for license at anytime.

There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trade secret, copyright or to participate in your defense, or indemnify you.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets, or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information including knowledge of: our services, products, proprietary products, supplies and equipment; specifications for all products, supplies and equipment; treatment strategies, techniques, methods and formats; guarantee programs, customer service standards, vendors and supplier relationships, cost and pricing strategies, operational procedures, employee hiring, training and retention programs; procedures for safety and quality control, Vehicle specifications (including vehicle graphics), our website, forms, contracts, bookkeeping and reporting methods; sales and marketing techniques, advertising and promotional materials, systems and knowledge of, and experience in, the operation and franchising of Superior Mosquito Defense<sup>®</sup> Business (the “Confidential Information”). We will disclose Confidential Information to you during the franchise training program, seminars, workshops, continuing education sessions and conventions sponsored by us; in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors, develop any new service, product, piece of equipment, program, concept, technique, formula, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However, as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, product, piece of equipment, program, concept, technique, formula, method, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your owners acknowledges that any such new service, product, piece of equipment, program, concept, technique, formula, method, process or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Superior Mosquito Defense<sup>®</sup> Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation,

restrictions on disclosures to employees of your Franchise and any other business(es) owned by you and if you are an Entity any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your employees and Owners.

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

The Franchise Agreement provides that your Business must at all times be under your direct, day-to-day, full time supervision (or if you are an Entity such as a limited liability company (“LLC”), then a managing owner of such Entity, approved by us) or the non-owner manager of your Business who is approved by us. This person must have successfully completed our training program.

You (or your managing Owner if you are an Entity or non-Owner manager) must use his or her best efforts in the operation of Superior Mosquito Defense<sup>®</sup> Business.

You are required to retain a manager (“Manager”) for the operation and management of your Business. The Manager may, but need not, be you or one of the owners of the Business. The Manager must meet all of our standards and criteria for such positions as set forth in the Operations Manual. The Manager need not have any set percentage of the equity of the Franchised Business. These individuals must also satisfy the applicable training requirements as outlined in the Franchise Agreement (Franchise Agreement Section XII.F). In addition, some states have regulations pertaining to the outdoor insect control industry and may require that either you or an employee of your must have 1 to 3 years of experience in applying pesticides along with individual licensing and/or certification requirements. If your Business is located in a state with said requirements and if you do not have the required experience, then you must hire (or partner with) at least one individual who has such licenses and/or certifications.

Each of your employees, service providers, agents, principals and affiliates must sign a confidentiality agreement containing substantially the same protections as provided in the form agreement contained in the Operations Manual (although you are responsible for ensuring its adequacy and enforceability under local law). Our approval of a Manager other than you is conditioned upon the Manager entering into a confidentiality and restriction of like business agreement containing provisions like those contained in the Franchise Agreement and Schedule 8 of the Franchise Agreement against engaging in competing businesses and use/disclosure of our confidential business information during the tenure of employment with you and for a period of 3 years following employment by you. You will provide us with copies of the same upon request.

You may not employ any individual who is at the time or was at any time during the prior 6 months employed in a managerial, administrative, sales or service position by us or any of our affiliates or by another franchisee of ours without the prior written consent of us. As a condition to such consent, you may be required to compensate the former employer for the actual costs and expenses incurred by the employer in connection with the training of any replacement employee.

If you are an Entity, each of your Owners must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and noncompetition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

**ITEM 16**  
**RESTRICTIONS WHAT THE FRANCHISEE MAY SELL**

Due to the differing nature of markets across the United States, and because climate and geographic areas will vary, you will have a wide variety of possible locations in which to conduct business operations with our approval. You may not use the Superior Mosquito Defense® Business for any other purpose than the operation of a Superior Mosquito Defense® Business, unless otherwise approved by us in writing. Alternative operation sites that may be approved can include for example incorporating your Franchise operations within the premises of an existing or complimentary business.

You must comply with all of our standards and specifications relating to: providing services and selling products; purchasing products, supplies, equipment, apparel, Vehicles (including vehicle graphics), computers, software, signage, advertising and marketing materials, promotional items and other products and equipment to be used, offered or sold in the Business (See Item 8).

You are required to offer only our approved services, guarantee programs and sell approved products as specified by us which include: treatment services to control outdoor insects using our organic proprietary solutions either on an as-needed basis or regularly scheduled maintenance programs; special outdoor event insect control services (such as for: weddings, reunions, conventions, civic events, etc.), service guarantee programs and subcontracting services to lawn care service providers in addition to other approved outdoor insect-related services and products as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list services, guarantee programs and products you are authorized to offer and sell during our initial training program. You can sell products to customers who live outside your Territory even if such customers live within another franchisee's territory so long as the products you sell are being sold from your Business within your defined Territory (as described in Item 12), and you do not solicit business from another franchisee's territory. You can provide services and sell products, but we will suggest rate and pricing strategy and will establish minimum and maximum rates and/or prices at which you may provide services and sell products to the extent allowed by federal and state laws. You may offer additional services and products that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products are offered and the time to approve or deny your request is 30 days (as described in Item 8). You must discontinue offering any services, guarantee programs and/or products we may disapprove in writing at any time, whether a service or guarantee program is currently being offered or a product is currently being submitted for approval or currently in use. We can and expect to change and/or modify the types of services, guarantee programs and products we authorize. There are no limits on our right to do so. We will inform you by email or by another form of communication of such changes and/or modifications. You may not provide any service, guarantee program or offer for sale any products that have not been specifically approved in writing by us; and you may not independently act as an exclusive distributor for any third party vendor or secure any exclusive rights for any vendor or proprietary product inside or outside your Territory without our written consent.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees or company-owned businesses to sell products through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create

competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations. If we authorize you to sell products through alternative channels of distribution, all products sold must be from your Business. Unless otherwise approved by us in writing, you are not authorized to sell any products on the Internet, World Wide Web or in any other media, whether known or hereinafter invented.

You must participate in any gift certificate or gift card program we establish. You may not create or issue your own gift certificates or cards unless otherwise approved by us. You must maintain proper certifications, permits and licenses to operate a Superior Mosquito Defense® Business in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation.

You may directly advertise to offer Superior Mosquito Defense® services and sell products to customers located within your Territory. We place no restrictions upon your ability to sell products to customers who live in other geographical areas, so long as you do not solicit business from another franchisee’s territory, provided you do so from your Business and in accordance with our standards. However, you are prohibited from performing services in other geographical areas (outside your Territory) without our permission. You can provide services for customers outside your Territory provided there is not another Superior Mosquito Defense® franchise or company-owned business in that area and you do so in accordance with our standards (as described in Item 12).

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the exhibits attached to this Disclosure Document. “FA” refers to the Franchise Agreement.**

Provision	Franchise Agreement	Summary
a. Term of the Franchise Agreement.	FA Section VII.A.	FA – 5 years
b. Renewal or extension of the term.	FA Section VII.B.	FA – up to two (2) 5 year renewal terms if you meet certain term requirements.
c. Requirements renew	FA Section VII.B	FA – Written notice for you to renew, pay a \$1,500 renewal fee, full compliance, sign then current form or new Agreement execute general release, upgrade Business and pay renewal fee. <u>You may be asked to sign a Franchise Agreement with materially different terms and conditions upon renewal.</u>
d. Termination by you.	Section XXIII.D	FA – If we have materially failed to comply with terms of the Franchise Agreement after 90 days’ notice.

Provision	Franchise Agreement	Summary
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA – Section XXIII	FA – We can terminate if you breach a material provision of the Franchise Agreement or fail to open the business.
g. “Cause” defined as which cannot be cured.	FA – Sections XXIII.C.	Failure to agree on a territory; failure to attend and complete the initial training program; abandonment of Business; surrender of control; failure to submit a tax return, financial statement, schedule, or pay royalties three (3) or more times; operate the business in any manner that violates and federal, state or local rule or ordinance; you are unable to provide services or products associated with our system; you fail to comply with any federal, state, or local law or regulation for 15 days after receiving notice, misrepresentation or omission in application; you transfer or assign the franchise without our prior written consent; you disclose to any unauthorized person the contents of the Operations Manual; you fail to sell our approved products, services, or equipment; you fail to adhere to our vehicle specifications; you fail to comply with any system standards modification within 90 days of receiving notice from us; you engage in any activity that has a material adverse effect on us, or our names and marks; you make or allow any unauthorized use of our confidential information, proprietary products, or software; you reverse engineer, decompile, disassemble or create derivative works of our confidential information, products, or software; you manufacture or sell any product that is similar to or competes with our products; you distribute any product without our consent; you sublicense, rent, sell, or transfer our confidential information, or software; you exhibit a reckless disregard for the physical or mental well-being of your employees or customers; you fail to procure and maintain all required insurance coverage; you fail to remove any product or equipment that we deem to be a violation of this agreement; you fail to offer, modify or discontinue any service program or guarantee as we specify; you fail to execute and perform services according to our standards; you use any unapproved vendor or supplier without our permission; you fail to comply with our

Provision	Franchise Agreement	Summary
h. "Cause" defined; defaults which can be cured.	FA – Section XXIII.B	inventory requirements or minimum representation requirements; you engage in target marketing; you use our name or marks without our prior written consent; felony conviction; unauthorized assignment improper assignment upon death or disability; loss of possession of Business; unauthorized use of Confidential Information; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; bankruptcy; if you fail to satisfy any final judgment within 30 days; you maintain any false books, or records; you underpay royalties to us by 2% or more twice in any two (2) year period; or you have six (6) or more complaints against you with any governmental agency or customer(s) over a twelve (12) month period; failure to meet minimum revenue performance standard and repeated violations.
i. Your obligations on termination / non-renewal	FA – Section XXIV	FA -Cease operating franchised business cease use of confidential information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants.
j. Assignment of contract by us.	FA – Section XXII.C.	No restriction on our right to assign.
k. "Transfer" by you-definition	FA – Section XXII.B.	Includes transfer of the contract and business assets by you.
l. Our approval of transfer by you.	FA – Section XXII.B. and XXII.E	FA – We have the right to approve all transfers by you.
m. Conditions of our approval of transfer.	FA – Section XXII.C and XXII.E.	FA – Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents, including a release.
n. Our right of first refusal to acquire your business.	FA – Section XXII.C and XXII.E.	FA – We have the right to match any offers.

<b>Provision</b>	<b>Franchise Agreement</b>	<b>Summary</b>
o. Our option to purchase your assets upon termination or non-renewal.	FA – Section XXIII.G and XXIV.F.	FA – Purchase for fair market value determined by appraisal if parties are unable to agree.
p. Your death or disability.	FA – Section XXII.D.	FA – Franchise must be assigned to approved buyer within 6 months.
q. Non-competition covenants during the term of the Franchise.	FA – Section XIX.B and XIX.C	FA – No involvement in any competitive business anywhere within 25 miles of any company-owned business or other franchises.
r. Non-competition covenants after the franchise is terminated or upon expiration	FA – Section XIX.B.	FA – No interest in competing business for two (2) years within 25 miles of any company owned business or other franchises.
s. Modification of the Agreement.	FA – Section XXV.J.	FA – No modification except by written agreement. Operations Manuals are subject to change.
t. Integration / merger clause.	FA – Section XXV.J.	FA – Only terms of the Franchise Disclosure Document and Franchise Agreement are binding. Notwithstanding the prior sentence, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document. Any representations made outside of the disclosure document or the franchise agreement may not be enforceable. The foregoing provisions with respect to integration/merger are subject to state law.
u. Dispute resolution by arbitration.	FA – Section XXV.D.	FA – Arbitration and mediation in Morgan County, State of Alabama (subject to State law).
v. Choice of forum.	FA – Section XXV.G.	FA – Litigation in Morgan County, State of Alabama (subject to state law) or the United States District Court of Alabama.
w. Choice of law.	FA – Section XXV.G.	FA – State of Alabama laws apply (unless prohibited by laws of state where Franchise is located). The foregoing provision regarding choice of law is subject to state law.

<b>Provision</b>	<b>Franchise Agreement</b>	<b>Summary</b>
x. Liquidated Damages	FA – Section XXIV.H	FA – If the Franchise Agreement is terminated prior to its expiration date, you shall be obligated to pay Royalty fees and System Advertising fees based on the average royalty and system advertising fee payments made to Franchisor over the previous twelve months for either (i) the remaining term under the original (or renewal) term of the Franchise Agreement; or (ii) two (2) years, whichever comes first.

**ITEM 18**  
**PUBLIC FIGURES**

We currently do not use any public figure to promote our Franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Heath Legg, 4601 Old Highway 31 South, Decatur, Alabama 35603 (256) 355-1871, or the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**System wide Outlet Summary**  
**For Fiscal Years 2018 through 2020**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	18	20	+2
	2019	20	16	-4
	2020	16	16	0
Company-Owned	2018	1	3	+2
	2019	3	4	+1
	2020	4	4	0
Total Outlets	2018	19	23	+4
	2019	23	20	-3
	2020	20	20	0

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)**  
**For Fiscal Years 2018 thru 2020**

State	Year	Number of Transfers
Alabama	2018	0
	2019	0
	2020	0
Georgia	2018	0
	2019	0
	2020	0
Idaho	2018	0
	2019	0
	2020	0

Illinois	2018	0
	2019	0
	2020	0
Indiana	2018	0
	2019	0
	2020	0
Kentucky	2018	0
	2019	0
	2020	0
Maryland	2018	0
	2019	0
	2020	0
Mississippi	2018	0
	2019	0
	2020	0
North Carolina	2018	0
	2019	0
	2020	0
South Carolina	2018	0
	2019	0
	2020	0

**Table 3**  
**Status of Franchise Outlets**  
**For Fiscal Years 2018 thru 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2018	8	0	0	0	2	0	6
	2019	6	0	1	0	1	1	3
	2020	3	0	0	0	0	0	3
Georgia	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Idaho	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
Illinois	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Indiana	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kentucky	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Maryland	2018	0	4	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Mississippi	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
North Carolina	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
South Carolina	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Wisconsin	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Totals	2018	16	4	0	0	2	0	18
	2019	18	2	3	0	1	0	16
	2020	16	0	0	0	0	0	16

**Table 4**  
**Status of Company-Owned Outlets**  
**For Fiscal Years 2018 thru 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
AL	2018	1	0	2	0	0	3
	2019	3	0	1	0	0	4
	2020	4	0	0	0	0	4
Totals	2018	1	0	2	0	0	3
	2019	3	0	1	0	0	4
	2020	4	0	0	0	0	4

\* “Company-owned Outlets” includes the non-franchised business owned and operated by our founder, Heath Legg. This business is not part of the franchise system. It may be sold to others or to a franchisee in the future.

\*\* Our fiscal year end is Dec 31. As of December 31, 2020, our affiliate operated four territories out of one non-franchised business from address listed below:

Superior Mosquito Defense®  
4601 Old Highway 31 South  
Decatur, Alabama 35603

**Table 5**  
**Projected Openings**  
**As of December 31, 2020**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Alabama	0	1	0
Georgia	0	1	0
Maryland	0	1	0
South Carolina	0	1	0
<b>Totals</b>	0	4	0

A list of the names of all franchisees and the addresses and telephone numbers of their Superior Mosquito Defense® Business are listed as Exhibit G to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2020 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit H.

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

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

There are no trademark specific franchisee organizations associated with the franchise system being offering in this Franchise Disclosure Document.

## **ITEM 21** **FINANCIAL STATEMENTS**

Our audited financial statements for the year of December 31, 2018, December 31, 2019 and December 31, 2020 are attached to this Disclosure Document as Exhibit I. Our fiscal year end is December 31.

## **ITEM 22** **CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

- Franchise Agreement - Exhibit A
  - Schedule 1 – Authorization for Pre-Arranged Payments
  - Schedule 5 – Individual Guaranty
  - Schedule 7 – Collateral Assignment of Lease
  - Schedule 8 – Confidentiality and Non-Compete Agreement
- State Addenda – Exhibit D
- Option Agreement – Exhibit F

## **ITEM 23** **RECEIPTS**

Included as the last document of this Disclosure Document (Exhibit J) and/or as a separate executable form, is a Receipt to be signed by you. The Receipt must be signed, dated, and delivered to us at least fourteen (14) calendar days before signing of the Franchise Agreement or payment of any fee by you.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**Between**

**ANC Green Solutions I, LLC**

**and**

---

**Franchisee**



®

# FRANCHISE AGREEMENT

Between

**ANC Green Solutions I, LLC**

4601 Old Highway 31 South

Decatur, AL 35603

Direct: (256) 355-1871

Toll Free: (855) 773-0517

Web: [www.SuperiorMosquitoDefense.com](http://www.SuperiorMosquitoDefense.com)

and

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**Collectively referred to as “Franchisee”**

**ANC Green Solutions I, LLC  
FRANCHISE AGREEMENT**

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**ANC Green Solutions I, LLC  
FRANCHISE AGREEMENT**

**PARTIES**

**THIS FRANCHISE AGREEMENT** (“Agreement”) is made by and between ANC Green Solutions I, LLC, a Delaware limited liability company, hereinafter known as “ANC” or “Franchisor, We” and the person or entity named above, hereinafter known as “you” or “Franchisee. “For ease of reference, ANC Green Solutions I, LLC will also be referred to as “we”, “us” or “our” in this Agreement. The persons signing as Franchisee or Guarantors may be referenced to herein individually as “you” or “yours” or collectively as “Franchisee.” To evidence the agreement and understanding between the parties the following is provided:

**RECITALS**

**WHEREAS**, We have devised a uniform system to convert an existing business into a Superior Mosquito Defense® business (“Conversion Model”) or to open a new startup business (“Standard Model”) that offers services to control outdoor insects either on an as-needed basis or regularly scheduled maintenance programs; special outdoor event insect control services (such as for: weddings, reunions, conventions, civic events, etc.), lawn care, pest control, service guarantee programs and subcontracting services to service providers (hereinafter referred to as “Services”) at any Superior Mosquito Defense® franchised location and other locations at LSMS’s discretion (hereinafter referred to as the “Franchise”, “Business” or “Franchised Business); and

**WHEREAS**, We identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark “Superior Mosquito Defense®” and all other trade names, service marks, trademarks and trade dress as are now designated (and may in the future be designated by us in writing) for use in connection with the System (the “Names and Marks” or “Names” or “Marks”); and

**WHEREAS**, We have the right to use the Names, Marks and other property in connection with the operation of a Superior Mosquito Defense® business and have developed expertise (including confidential information) and a unique, distinctive and comprehensive system

Superior Mosquito Defense®  
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("System") for the establishment and operation of businesses offering outdoor insect control services; and

**WHEREAS**, We continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under our System, and to represent the System's high standards of consistent quality, appearance, and service; and

**WHEREAS**, We have established substantial goodwill and business value in its Names and Marks, expertise and System; and

**WHEREAS**, We have the right to license a system or business program, including expertise for conducting and operating a business under the mark and design Superior Mosquito Defense®; and

**WHEREAS**, Franchisee desires to obtain a franchise from us for the right to use the Names and Marks and the expertise for operating a Superior Mosquito Defense® business, and to obtain the benefits and knowledge of Franchisor's System including, but without limitation, our proprietary products (such as organic compounds, repellents, solutions and privately labeled products), other products, equipment and supplies; specific treatment methods, techniques and operating procedures; guarantee programs, vendor and supplier relationships, cost and pricing guidelines, vehicle specifications, customer service standards, marketing, advertising, sales techniques and promotional materials, advertising, bookkeeping and accounting methods, and in general a style, method and procedure of business operation utilizing the Names and Marks as a Franchisee of us; and

**WHEREAS**, Franchisee recognizes the benefits to be derived from being identified with and licensed by us, and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.

**NOW, THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

**I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE**

Franchisee (and the owner of Franchisee ("Owner") who shall hereafter be either the managing partner if Franchisee is a partnership, the designated shareholder if Franchisee is a corporation, or the managing member or designated non-member manager/manager if Franchisee is a limited liability company, with the term "Owner" to include more than one person where applicable) hereby represents that it has conducted an independent investigation of our Business and System and recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will depend upon Franchisee's abilities as an independent

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businessperson. we expressly disclaim the making of, and Franchisee acknowledges that it has not received any, warranty or guarantee, express or implied, as to the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guaranty of the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement, and that we have expressly instructed all of our employees not to make any warranty, guaranty, statement, or representation regarding the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney. Franchisee hereby releases us, our employees, shareholders, managers, our affiliated companies and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.

The Franchisee acknowledges that we have not made, and does not hereby make, any representation or warranty as to potential revenues, income, margin, gross income, profits, volume or success of the Franchise or merchantability, performance, accuracy of informational content, system integration, quality of any computer programs that we may provide the Franchisee, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or any other representation or warranty with respect to the System. We shall not be liable to Franchisee for, nor shall Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the Business, or any loss of business, profits, consequential or other damage of any nature.

## **II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT**

Franchisee acknowledges having received, read, and understood this Agreement, including the Franchise Disclosure Document and attachments thereto. Franchisee further acknowledges that we have accorded Franchisee with ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that Franchisee has received a completed copy of this Agreement, attachments or schedules ("Schedules") referred to herein, and agreements relating hereto, as well as the balance of the Franchise Disclosure Document if any, at least 14 calendar days prior to the date on which this Agreement was executed or money was paid by Franchisee for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by our representative to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties and obligations we have made are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the Parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee (this Business can be operated home-based or out of a small warehouse space), will not provide financial assistance to Franchisee and we have made no representation that we will buy back from Franchisee any products, supplies computers, furnishings and fixtures purchased by Franchisee in connection with the Business, except where we are otherwise required by law or regulation to buy back products, supplies, computers, furnishings and fixtures upon expiration or termination of this Agreement.

### **III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS**

We do not make or present and have not prepared Financial Performance Representations and have not made them as an exhibit to the Franchise Disclosure Document.

Franchisee, and each Party executing this document hereto, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor has made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as “Financial Performance Representations”), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

### **IV. RELATIONSHIP OF THE PARTIES**

#### **A. Franchisee is an Independent Contractor**

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from us. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. The Franchisee is responsible for collecting and remitting social security, medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its employees. Franchisor Is Not In A Fiduciary Relationship With Franchisee.

It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, we shall not have any fiduciary relationship to the Franchisee by virtue of the facts that we may operate a System Advertising Fund (as defined in Section X.B of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt, bond, indenture, promissory note or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall we be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against the Franchisee or us.

The Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and all other terms and conditions of employment (as described in Section XII.F).

## **V. FRANCHISE GRANT**

We hereby grant to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein for the right to operate a LSMS Franchised Business that has been assigned a protected territory (referred to as the "Territory") as set forth in Section VI, with the right to use solely in connection therewith the Franchisor's Names and Marks, Services, products, its advertising and marketing methods, and our System, as they may be changed, improved and further developed from time to time only in the accepted territory as set forth in Section VI and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this franchise grant does not include the right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by us in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a Superior Mosquito Defense® Franchise, provided that Franchisee shall not violate any applicable law, regulation, or provision of this Agreement in exercising such discretion.

**VI. TERRITORY**

Franchisee is not granted an exclusive territory. The Territory is a protected marketing territory as defined in this Agreement. The Franchise Business shall be: within the State of \_\_\_\_\_ in the county(ies) of \_\_\_\_\_. If the actual Franchise Business address has not yet been chosen, the initial Territory will be defined from the following crossroads: \_\_\_\_\_ and \_\_\_\_\_. The final Territory will be defined from the actual Franchise Business address once chosen.

**The specific location from where the Business will be operated will be:**

\_\_\_\_\_

**The Territory is defined by the following numbered zip codes:**

\_\_\_\_\_. \_\_\_\_\_ . \_\_\_\_\_ . \_\_\_\_\_ . \_\_\_\_\_ . \_\_\_\_\_ . \_\_\_\_\_ .  
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**The total population for the above zip codes is:** \_\_\_\_\_

If the parties do not select a territory (area in which franchise wants to conduct business) prior to the signing of this Franchise Agreement, then it shall be entered at a later date, under the terms of this Agreement. Failure to agree on a Territory and/or failure of Franchisee to open the Business for operation within sixty (60) days after the execution of this Agreement will permit us to terminate this Agreement, as provided in Section XXIII.C. The Territory, under the terms of this Agreement, is a defined population as much as 300,000 persons which means it could be less. We reserve the right to, in our sole discretion, change, modify or grant a territory that is larger or smaller than the population described above, in order to account for more densely or sparsely populated areas. The Territory will be determined with the approval of us at the time of the execution of the Agreement. The Territory includes the specific location where the Business is based (referred to as "Premises").

The term "Premises" means the location or locations of the Business from which one or more of the following are being performed:

- a) The storage of any equipment, products, spare parts, and/or vehicles used in association with the Business;
- b) Where employees might meet at the beginning of the day before they go to customers;
- c) Franchisee maintains one or more of the following: a telephone, fax, email or postal address of the Business at this location;
- d) Franchisee advertises the address, telephone, fax or email address or any other contact information for the location;
- e) Franchisee keeps accounting records for all or any part of the Business (excluding any office space or home office of any independent contractor accountant, or payroll service use by the Franchisee); and
- f) The location is responsible for or generating more than 50% of the Gross Revenues. As defined in Section X.A of this Agreement.

If not determined when this Agreement is executed, Franchisee is responsible for selecting the location for the Premises within the designated Territory specified above and in accordance with this Agreement.

The size of the Territory (as described above), will be determined by zip codes, population, average household incomes, demographics of the surrounding area, business potential (such as: the number of single family households, multi-family households, colleges, universities, military bases, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The boundaries of the Territory described above is determined by: zip codes, population base, density of population, growth trends of population and major topographical features which clearly define contiguous areas such as: rivers, mountains, major freeways and underdeveloped land. We determine the Territory, which is described above. Franchisee shall not relocate the Premises within its Territory, without our express prior written consent (specified in Section XXII.A). The Territory is not dependent upon achievement of certain sales volume, number of customers Franchisee services, market penetration or any other contingency.

During the term of this Agreement, we shall not establish or license another party or entity to establish, a Superior Mosquito Defense business within the Territory outlined above. If Franchisee decides to open additional Businesses and buys the rights to additional Franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement).

The Premises in which the Franchisee must operate the Business from must be within the specific Territory as identified in this Section VI. Whether Franchisee chooses to operate the

business from home or out of a location (such as a small warehouse space) Franchisor must approve the location of Premises within the Territory in writing, especially prior to Franchisee becoming obligated on a lease (if applicable). Franchisee may not operate the Business from any other location including any business other than a Superior Mosquito Defense® Business within the accepted Territory that has been set forth in this Agreement or made a part hereof by an addendum attached to this Agreement. Franchisee may be granted permission to provide Services to customers who live outside the Franchisee's Territory if there is not a Superior Mosquito Defense® franchise or company-owned business in that geographical area (as outlined below) as long as such Services do not result from any direct solicitation activities by Franchisee and Franchisee must be prepared to refer that customer to another franchisee when that unassigned area is purchased. Franchisee can sell products to customers who live outside Franchisee's Territory as long as such sales do not result from any direct solicitation activities by Franchisee. To clarify, Franchisee is prohibited from soliciting, directly advertising, promoting, and marketing in general to consumers by any means outside Franchisee's Territory and cannot perform any target marketing ("Target Marketing") into any other Territory of another franchisee. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain customers by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned business or unassigned area. Franchisee acknowledges that Franchisee cannot perform any type of Targeted Marketing outside Franchisee's Territory. We, other franchisees and company-owned businesses reserve the same right to sell products to customers who may live within Franchisee's Territory without compensation to Franchisee.

Franchisee must operate the Business, provide all Services and sell products within the Franchisee's Territory. However given unique circumstances, Franchisee may be able to provide Services in geographic areas outside of the Territory (areas that adjoin the Franchisee's Territory) if that geographic area is unassigned with our written consent. We shall approve or deny Franchisee's request to provide Services in the other unassigned geographic area, which approval is in our sole discretion, within three (3) business days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said three (3) business day period, Franchisee's request shall be deemed denied. If we approve Franchisee's request to perform Services in the unassigned area, We reserve the right to sell or assign it, or part of that geographical area, at any time, without notice to another franchisee and Franchisee may not have the right of first refusal or an option to buy the territory that was formally unassigned.

If Franchisee is asked to provide Services to customers who live in another geographical area (outside the Territory) in which there is another franchisee or company owned business, the Franchisee must immediately refer the request to Superior Mosquito Defense® business in that geographical area or to us. If the other Superior Mosquito Defense® business (whether a franchise or company-owned business), determines it is in the best interest for the customer if Franchisee provides Services, the Franchisee can service the customer who lives in the other geographical area. we and other franchisees or company-owned business must refer customers that live within Franchisee's Territory to Franchisee and also reserve the same right to provide Services to customers who live within Franchisee's Territory if it is determined to be in the customer's best interest. If there is not a Superior Mosquito Defense® franchise or company-owned business in that geographical area, then Franchisee can provide Services to that customer as described above

however Franchisee must be prepared to refer the customer to another franchisee when the unassigned area is purchased. If during the time of the Franchise Agreement, Franchisee is unable to promptly and properly provide Services to customers due to excessive work or any other cause, Franchisee must refer that customer to another franchise, company-owned business or us. If Franchisee fails to refer customers as described herein, we will have the right to terminate this Agreement, Section XXIII.C. For any default of this Agreement which triggers our ability to terminate, as an alternative to termination, Franchisor will have the right, in its sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to exclusivity in the Territory, effective ten (10) days after delivery of written notice to Franchisee.

Franchisee acknowledges that it is in Franchisee's best interest to refer prospective customers to other franchisees in Superior Mosquito Defense® system or us when, because of distance or excessive work, or for other reasons, Franchisee cannot promptly, properly and profitably service such customers. Franchisee agrees that Franchisee will not undertake any work that Franchisee is not capable of performing promptly and properly. If Franchisee is prevented by the terms of this Section VI from accepting more customers, Franchisee will refer such prospective customers to one or more other franchisees who are closest to those customers not being served or to Franchisor. Any referral that is provided to franchisees by us, the Franchisee will not be required to pay any type of referral fee.

We encourage Superior Mosquito Defense® Franchises, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other (defined as being within a ten (10) mile radius of each other). We must be notified in writing of all such arrangements and give our approval.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Superior Mosquito Defense® franchisees will be permitted to offer Services and products in accordance with the specifications described in any particular program established by us. Currently in effect are our Guarantee Programs (which is a promise to return to provide Services under pre-defined circumstances, as defined in Section XII.H of this Agreement) and our National Account program. The National Account program is defined as follows:

- a) The term "National Account" means a special class of customers which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of the Services and/or products the Franchisee wishes to perform or provide. Any dispute as to whether a particular customer is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;
- b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing

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the proprietary marks, to negotiate and enter into agreements or approve forms of agreement to use the facilities of a National Account or to provide Services and products to National Account customers, including any affiliate, company owned or franchised locations within the Territory;

- c) Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of providing Services and/or products to one or more National Account location within the Territory, we will, if Franchisee is qualified and conditioned upon the terms of this Agreement and any addendum, provide Franchisee the option to perform such Services and/or provide products pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;
- d) If Franchisee elects not to provide Services and/or products to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:
  - i. Provide directly or through any other affiliate, franchisee or company-owned business utilizing our proprietary marks, Services and/or products to the National Account customer location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or
  - ii. Contract with another party to provide such Services and/or products to the National Account customer location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account customer, utilizing our proprietary marks or any trademarks, service marks or trade names.
- e) Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Services or products to National Account customers as authorized in (i) above, nor if we contract with another party to provide such Services and/or products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the exclusivity of the Territory, even if such Services and/or products are delivered from a location within the Territory. Franchisee disclaims any compensation for Services performed or products provided by others in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on any specific locations, operation, or otherwise of present or future Superior Mosquito Defense® (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products to customers within the Territory. Franchisee

does not have any rights with respect to other and/or related businesses, services and/or products, in which we or any of our related persons or entities may be involved, now or in the future.

We and any Franchisor-Related Persons/Entities expressly reserve all other rights, and can (along with anyone we designate):

- 1) Own and/or operate ourselves, and/or authorize others to own and/or operate:
  - a) Any kind of business in the Territory, business which is not substantially similar to a Superior Mosquito Defense<sup>®</sup> business, whether or not using Superior Mosquito Defense' Marks and System; and
  - b) Any kind of business outside of the Territory, including, without limitation, Superior Mosquito Defense<sup>®</sup> businesses, whether or not using Superior Mosquito Defense<sup>®</sup> Marks and System;
- 2) Advertise, sell or distribute Superior Mosquito Defense<sup>®</sup> brand (or any other brand) Services, products and equipment (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, discount club chains, retail stores or other similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets or over the Internet) other than a Superior Mosquito Defense<sup>®</sup> business located in the Territory.
- 3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using Superior Mosquito Defense<sup>®</sup> System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere.
- 4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), located anywhere. Such transactions may include (but are not limited to) arrangements involving competing businesses and brand conversions (to or from Superior Mosquito Defense<sup>®</sup> Marks and System). You agree to participate at your expense in any such conversion as instructed by us.
- 5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, sell and offer Services, products and equipment through the Internet, World Wide Web and other similar venues (no matter where the customer is located) to promote the System. The Internet is a channel of distribution we reserve to ourselves exclusively, and Franchisee may not independently market on the Internet or conduct e-commerce without our prior written consent.

- 6) Acquire any Websites utilizing a domain name incorporating one or more of the words: mosquito, insect, defense, fight, barrier, bite, outdoor, shield, solution, superior or service. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. The Franchisee acknowledges that we have all right, title and interest in and to such domain names, web pages, and content, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) Neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall monitor its employees to avoid them making any such postings. We retain the right to pre-approve Franchisee’s use of linking and framing between the Franchisee’s web page and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee’s websites and any other Websites, if and as requested by us.

We may provide Franchisee with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee’s Territory may be altered during the initial term only by mutual consent in writing from both Franchisee and Franchisor, except at time of transfer or renewal or for any default of this Agreement which triggers Franchisor’s ability to terminate as described above.

## **VII. TERM AND RENEWAL OF AGREEMENT**

### **A. Term**

The franchise herein granted for a Superior Mosquito Defense® Franchise, shall be for a term of five (5) years commencing from the date of execution and acceptance (the “Effective Date”) of this Agreement by us and subject to earlier termination as herein provided.

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B. Renewal

Franchisee shall have the option to renew this Agreement for up to two additional terms of five (5) years each, provided we are still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term;
2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee must pay a \$1,500 renewal fee.
4. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to our satisfaction, as determined by us at our sole discretion; (b) the Franchise is terminable by law, regulation, or under this Agreement; (c) Franchisee fails to give timely written or email notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees or (f) Franchisee is in default of this Agreement.
5. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, if any, and shall have timely met these obligations throughout the previous term;
6. Franchisee shall execute, before the renewal term, our then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement. Franchisor will not charge Franchisee any type of renewal fee for the population of the area outlined in Section VI, or Territory, above;
7. Franchisee shall comply with our then-current qualification and training requirements;
8. Franchisee must execute a general release, in a form prescribed by us as described in Section XXIII.D of this Agreement, of any and all claims against us and our affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws; and

9. Whether Franchisee operates the Business home-based or out of a small warehouse space, Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) and maintain all vehicles in order to meet our then-current standards. Graphics, signage and all computers located on the Premises must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

## **VIII. FRANCHISEE'S INITIAL INVESTMENT**

The Franchisee's initial investment will vary depending upon the location, time of year when Franchisee starts business, amount of products, equipment, spare parts, and supplies Franchisee purchases; if Franchisee purchases a new or used vehicle, if Franchisee leases a location (such as a warehouse space), if Franchisee hires employees, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document, and has sufficient cash resources available to meet said expenses. These start-up costs include the franchise fee.

## **IX. FRANCHISEE'S INITIAL FRANCHISE FEE**

### **A. Time Limit for Starting Business**

The Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII hereof, and must open the Business for operation (the "Opening") within sixty (60) days of the date of execution of this Agreement (the "Opening Date"). This includes securing a lease that has been approved by us (if Franchisee chooses to open a location such as a small warehouse space for the Business as described in Section XII.S). Prior to the opening, it is Franchisee's responsibility to obtain all necessary business licenses, permits and certifications needed to perform Services. We may grant Franchisee one thirty-day (30) extension past the allotted time within which to open the Business for operation.

The initial Franchise Fee is fully earned on payment and is allocated to training and other services to be rendered to Franchisee before opening. The franchise fee is currently uniform as to all persons currently acquiring a Superior Mosquito Defense® Franchise as of the date of registration, although this may change. The initial franchise fee is nonrefundable. Upon Franchisee's failure to (i) agree on a Territory and/or timely satisfy the opening requirement within sixty (60) days from the Effective Date, We may, at our sole discretion, terminate the Franchise and this Agreement and either retain all fees paid by Franchisee or return such fees less its expenses and cost, without breach of this Agreement as specified in Section XXIII.C.

During the term of this Agreement, the accepted Premises shall be used exclusively for the purpose of operating a franchised Superior Mosquito Defense® business. In the event the Premises

shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Premises within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Premises will be that which existed just prior to the casualty; however, every effort should be made to have the restored Premises include the then-current image, design and specifications of a Superior Mosquito Defense® business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Premises from any cause whatsoever or requisition of the Premises by any governmental entity or the taking of title to the Premises by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Premises (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Premises in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Premises and is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Premises or find an alternative location within the Territory within thirty (30) days. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. We may choose at our option if the Loss materially impairs the Franchised Premises, to relieve the Franchisee of all obligations under this Agreement, and the Franchisee must return to us the System (including all materials) and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for the Loss the Franchisee incurred.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this Agreement includes no right of Franchisee to sub-franchise.

**B. Cooperation Required**

Franchisee shall cooperate reasonably with us to ensure that the various actions occur, which is necessary to obtain acceptance by us of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee's business and finances.

**C. Initial Franchise Fee**

By executing this Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of \$10,000 for a Conversion Model or \$20,000 for a Standard Model. This Initial Franchise Fee includes an exclusive license to operate a Superior Mosquito Defense® Franchise within a protected territory that serves a population of up to 300,000 persons, determined by zip code and census (with the final agreed upon Territory as described in Section

IV of this Agreement). The Initial Franchise Fee includes a web page housed within the national website, a comprehensive five (5) day initial training program at corporate headquarters, manuals and a startup kit that includes promotional and marketing items.

D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional Superior Mosquito Defense® businesses, we may in our sole discretion, grant Franchisee a license to operate additional Businesses for a reduced Franchise Fee of \$10,000 per each additional Business subject to the payment of an option fee discussed elsewhere in this Agreement. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; and (b) Franchisee must execute our then-current franchise agreement.

E. Total Initial Franchisee Fee and Payment

The Total Initial Franchise Fee per this Agreement is due upon execution of the Agreement, and the receipt of which is hereby acknowledged by us for the grant of an exclusive license to conduct business in the Territory noted in Section VI of this Agreement.

The Total “Initial Franchise Fee” shall be as follows:

**\$10,000** The Initial Franchise Fee for a Conversion Model that includes a protected Territory of up to 300,000 persons;

Or

**\$20,000** The Initial Franchise Fee for a Standard Model that includes a protected Territory of up to 300,000 persons.

The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise, and is nonrefundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to franchise others, except as described above in Section IX.A.

F. Fee For Additional Services

If you choose to offer lawn care, pest control, or any other additional service that we choose to develop in the future, then you must pay us an Additional Services Fee of \$4,500 at the time you sign the Franchise Agreement. The Additional Services Fee is uniform as to all persons currently acquiring a Franchise and is nonrefundable. The Additional Services Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to franchise others, except as described above in Section IX.A.

## **X. OTHER FEES**

### **A. Royalty Fees**

In addition to the Initial Franchise Fee described in Section IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee shall pay to us a “Royalty Fee” of 5% of total Gross Revenues or a flat two hundred and fifty dollars (\$250), whichever is greater for each calendar month for the term of this Agreement commencing immediately after opening the Business for operation. If Franchisee opens the Business for operation on the twenty-fifth (25th) of the month or any time thereafter in that calendar month, then the Business will be deemed open for operation the next calendar month. The Royalty Fee is due on the tenth (10th) day of each month (for the prior month) and is to be received as we specify in writing. The Royalty Fee is uniform as to all persons currently acquiring a Superior Mosquito Defense® Franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H.

As used in this Agreement, “Gross Revenue” shall include all revenue accrued from the performance of Services and sale of all products in, at, upon, about, through or from the Business, whether for cash, credit or for barter and regardless of collection in the case of credit, and income of every kind and nature related to the Business. Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its services and products in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. However, Gross Revenue shall not include: (i) service fees for credit card transactions; (ii) revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, (iii) gratuities paid by customers to Franchisee’s employees; (iv) and the amount of cash refunds the Franchisee in good faith provides to its customers. The sale and delivery of all Services and products away from the Premises is included in computing Gross Revenue.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us, in addition to the overdue amount, a flat fee of twenty-five dollars (\$25) plus interest on such amount from the date it was due until paid at the lesser of the rate of 1.5% per month or the maximum rate allowed by the laws of the State in which Franchisee’s business is located or any successor or substitute law (referred to as the “Default Rate”), until paid in full.

### **B. System Advertising Fee**

Franchisee will pay a System Advertising Fee equal to 1% of Gross Revenues or a flat \$50 per calendar month, whichever is greater, to be paid in the same manner as the royalty obligation (as defined in Section X.A) that begins immediately after the Business is open for operation and continues for the term of the Agreement, except as provided in Section X.A. concerning opening the Franchised Business on the twenty fifth (25th) of the month or anytime thereafter in that calendar month. The System Advertising Fee can be increased by us and such increase will not

exceed more than 3% of Franchisee's Gross Revenue in any calendar year and/or more than twenty-five dollars (\$25) per month increase to the flat fee minimum requirement in any calendar year. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Advertising Fee is to be received by the Franchisor on or before the 10th day of each month for the prior month. This fee will be deposited into our System Advertising Account (the "Fund") for ongoing technology, new equipment and product development, and such national advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark Superior Mosquito Defense®. The Fund may also be used for local franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Superior Mosquito Defense® businesses owned or operated by us will contribute to the same basis to the fund.

We may disclose the identity of vendors who pay promotional allowances to Franchisor upon request and only after Franchisee's signing an appropriate non-disclosure agreement. If we require Franchisee to buy items from a vendor who pays these allowances, Franchisor may do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees we receive from purchases that are not required to be made by Franchisee from a specified source. We are not obligated to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither we nor any of our shareholders has any fiduciary duty to the Franchisee regarding any System Advertising Account.

Franchisee's failure to pay required advertising contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. We may delete Franchisee from advertising or marketing without notice if Franchisee fails to timely remit its System Advertising Fee.

### C. Local Advertising

Franchisee must spend a minimum of \$10,000 or 5% of Gross Revenues, whatever is greater, annually for local advertising and promotion, in addition to payment of the System Advertising Fee required above. Franchisee must report its quarterly advertising expenditures to us by the tenth (10th) day after the end of each quarter, or at times on forms or in a manner that we determine. Failure to spend the minimum amount on local advertising and promotion for your Business may result in termination of your franchise and loss of your investment. Franchisee may choose to place advertisements in the yellow pages of Franchisee's local major telephone

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directories in the format as specified in the Operations Manual. Franchisee must provide confirmation of white page listing to us. Cost of yellow page advertising may be included as part of Franchisee's local advertising requirements. We shall have the right to approve or disapprove any advertising proposed for use by Franchisee at our sole discretion.

D. Electronic Funds Transfer

We reserve the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer or other similar means utilizing a Franchisor approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents including authorization, the attached Schedule 1 "Authorization Agreement For Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees charged due thereon. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to us (as defined in Section X.A) for any reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to us as required hereunder or (b) the amount due based on information retrieved from our approved computer system.

E. Software Fee

Franchisee will be required to use our specific management software for the operation of the Business and must use our approved vendors for the software. The software is specific to the service industry that manages everything from scheduling to routing and reporting functionality. The current fee for the usage and ongoing support of this software is currently \$175 per month for the first 6 months, and is \$199 thereafter for one user, and \$75 per month for each additional user thereafter and is payable to Franchisor, its affiliates or approved vendors. The use of the software may require Franchisee to sign a license agreement. It is Franchisee's responsibility to install, maintain and upgrade any hardware necessary to operate the software at its own expense. We, at our sole discretion, may change such software requirements (including approved vendors) at any time and will provide Franchisee with sixty (60) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to comply with our software requirements within the timeframe stated above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law, and equity, as well as set forth in this Agreement.

F. Answering Service Fee

Franchisee is required to use a professional answering service to answer its phones if Franchisee does not have administrative staff and after regular business hours. The costs for such services range \$100-\$125 per month for up to one hundred (100) calls answered and then is approximately \$0.060 per call thereafter payable to third parties. Answering services must be performed by our approved vendors. It is Franchisee's responsibility to manage the answering service, return all calls immediately and turn calls into successful transactions. We, at our sole discretion, may change such answering service requirements (including approved vendors) at any time and will provide Franchisee with sixty (60) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in answering service requirements at its own expense. If Franchisee fails to comply with our answering service requirements within the timeframe stated above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

G. Product, Vendor and Equipment Testing Fee

Franchisee will pay a fee for our approval of any product, vendor and/or supplier or piece of equipment (to the extent not then on our list of approved products, vendors, supplier or equipment), that Franchisee wishes to sell or use in the operation of the Business which may also require third party testing. The fee is \$50 for a single product, vendor and/or supplier that Franchisee wishes to sell, use and/or substitute in the Business. The fee is \$150 or the actual cost incurred by us for any piece of equipment that Franchisee wishes to sell or use in the Business. We may waive these fees if the products, vendors, suppliers or equipment that the Franchisee selects meet our requirements and make it on Franchisor's approved list of products, vendors, suppliers or equipment for all franchise locations.

Franchisee must obtain our written approval for the use of such products, vendors, suppliers or equipment in the Business (Section XII.I of this Agreement). Franchisor will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed products, vendors, suppliers or equipment. Such approval or disapproval shall be made by e-mail or any other form of written communication. Franchisee also acknowledges that the cost for third party testing is Franchisee's responsibility.

H. Search Engine Optimization Fees

Franchisee may be required to pay Franchisor a Search Engine Optimization Fee of up to \$500 per month on an ongoing basis, plus Pay Per Click, social media, and maintenance fees up to \$1,000 per month, which may be required by Franchisor during select months. Such fees will be determined based upon an analysis of Franchisee's territory. All of such fees are payable on the 10th of the month for the previous month.

I. Consulting Fees

Franchisee may be required to pay Franchisor a monthly consulting fee of up to \$450 per month on an as needed basis, as determined in Franchisor's sole discretion. Consulting fees are determined by us on a monthly basis and are due on the 10th day after Franchisee receives an invoice for consulting fees from Franchisor.

**XI. FINANCING ARRANGEMENTS**

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. We do not finance or guarantee the obligations of the Franchisee for a Superior Mosquito Defense® Business. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.C of this Agreement.

**XII. GENERAL OBLIGATIONS OF FRANCHISEE**

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System and adherence to our Operations Manual (the "Operations Manual" or "Manual"), in compliance with our standardized design and specifications for decor and signage, Our vehicle specifications, vehicle appearance standards, dress code and uniformity of the Business are essential to the image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. We may change or add to the Manual to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any consumer or marketing research program that we may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, test marketing new Services, products and equipment, purchasing a reasonable quantity of products or equipment to be tested, providing communication with us regarding such testing programs, the distribution, display and collection of customer surveys, customer comment cards, questionnaires, evaluations and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any other business other than that authorized pursuant to this Agreement, without the prior written approval of us. Neither Franchisee, nor any of our employees, may conduct any activity in the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of us. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized or illegal purpose.

Franchisee must conduct all business through Superior Mosquito Defense® Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and agree to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 2 “Pre-Existing Businesses” attached to this Agreement.

C. Comply With Laws

Franchisee shall comply with all federal, state and local laws, ordinances, consumer protection laws and regulations, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, transportation laws, fire codes and building construction, health and safety ordinances and shall obtain and at all times maintain any and all governmental licenses, permits, industry specific licenses or certificates (if applicable), laws and regulations relating to occupational hazards and health (“OSHA”) or that may be required for full and proper operation of the Business franchised under this Agreement in your state of operation. In addition, some states have regulations pertaining to the outdoor insect control industry and may require that either Franchisee or an employee of the Business must have one to three years of experience in applying pesticides along with individual licensing and/or certification requirements. If Franchisee’s Business is located in a state with said requirements and if Franchisee does not have the required experience, then Franchisee must hire (or partner with) at least one individual who has such licenses and/or certifications.

In addition, with respect to credit card transactions and customer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card customers and must be at all times compliant with the payment card industry data security standards (“PCI Compliant”). Copies of all subsequent inspection reports, with the conduct of a Superior Mosquito Defense® business which indicates the Franchisee’s failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five (5) days of the Franchisee’s receipt thereof. Franchisee agrees to indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee’s failure to perform Franchisee’s obligations as described above.

It is Franchisee’s sole responsibility and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of a Superior Mosquito Defense® Business. Franchisor’s standards may exceed any and all of the requirements of said laws. Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of a Superior Mosquito Defense® Business and must at all times operate the Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to fictitious name registrations, sales tax permits, fire clearances, safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker’s compensation and unemployment insurance). We make no representations or assurances as to what licenses, permits, certifications, authorizations or otherwise will be required for Franchisee in the Franchisee’s Territory in connection with a Superior Mosquito Defense® Business. We may provide assistance and guidance to Franchisee when obtaining permits, certifications and authorizations however it is Franchisee’s

sole responsibility to identify and obtain all permits, certifications and authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all Business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications".

A Superior Mosquito Defense<sup>®</sup> Business can be operated home-based however Franchisee can choose to operate out of a location (such as a small warehouse space). If Franchisee operates the Business out of a location, such location is to be operated in compliance with all local, state and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though we may help to design the Business space, Franchisee is responsible for compliance with all applicable federal, State and local laws and regulations concerning access by customers with disabilities. Any required modifications to the Business are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 4 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its owners, managers, partners, shareholders, officers, directors, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, our Services, products, proprietary products, supplies and equipment; specifications for all products, supplies and equipment; treatment strategies, techniques, methods and formats; Guarantee Programs (as defined in Section XII.H), vendor and supplier relationships, cost and pricing strategies, customer service standards, employee hiring, training and retention; procedures for safety and quality control, vehicle specifications (including vehicle graphics), software, our website, operational procedures, forms, contracts, bookkeeping and accounting methods, sales and marketing techniques, advertising and promotional materials, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about our services or products, including information relating to discoveries, ideas, purchasing, accounting, website development and design, marketing, merchandising or selling of Services and products

(collectively referred to as “Confidential Information” and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was 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 us and licensed to Franchisee for the operation of a Superior Mosquito Defense<sup>®</sup> Business are particular to the outdoor insect control industry conducted by a Superior Mosquito Defense<sup>®</sup> Business. Franchisee agrees to take all steps necessary, at Franchisees expense, to protect against the disclosure and dissemination of the Confidential Information to any other person both during the term of this Agreement and subsequent to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation or in any other matter that our ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate the Premises

Franchisee shall at all times maintain the Premises in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Operations Manual. Franchisee shall make, at Franchisee’s expense, all additions, repairs, replacements improvements and alterations that may be determined by us to be necessary so that the vehicles (and if applicable the Franchisee’s facility if Franchisee chooses to operate out of a location) which are viewed by the public will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions that may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Premises (if Franchisee choses to operate out of a location), any vehicles or signage does not meet our standards, we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on Franchisee’s behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

Franchisee shall maintain and refurbish the Premises and all vehicles at its expense, to conform to our design, trade dress, color schemes, and presentation of Marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements.

F. Maintain Competent Staff

We will create and make available to Franchisee and its managing partners, members or shareholder training programs and other selected training materials as we deem appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business (referred to as “Manager”). Franchisee’s Business must be personally managed on a full-time basis by a Manager who has successfully completed our mandatory training and meets our then-current standards. The Manager may, but need not, be Franchisee or one of the Owners of the Business however does not relieve Franchisee of its responsibility. Franchisee’s Manager must be readily and continuously available to us. Franchisee will keep us advised, in writing, of all management personnel involved in the Business. Franchisee must replace and train a replacement Manager (who we may disapprove in its sole and absolute discretion) in accordance with our training program at its expense. Replacement Managers or staff may attend our training program for a fee and subject to space availability. Currently the fee is \$250 per person per day as described in Section XX.A of this Agreement. Franchisee or its Manager is responsible for all travel, room, board and food.

Franchisee acknowledges that it is Franchisee’s sole and absolute responsibility to hire and train employees (“Employees”) to provide services to customers according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Some states may require that each employee working in the Business that applies or sprays any type of pesticide be trained and tested. It is Franchisee’s sole responsibility to ensure its Employees comply with such requirements. Franchisee and its Employees are prohibited from providing any type of services that require certain certifications or licenses that have not been approved by us in writing. As Franchisee hires Employees, Franchisee can negotiate any rate for such services or use the recommended rate schedule suggested by us as specified in the Operations Manual. Franchisee acknowledges that we have made no guarantee or warranty that using such rate schedules will enhance Franchisee’s sales or profits. Franchisee is solely responsible for all employment decisions and functions including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping.

Franchisee must not use unethical tactics to recruit Employees. Franchisee shall properly hire Employees per our guidelines and standards (subject to applicable employee protection laws) which include carefully screening Employees by the use of background checks, before employing them, to ascertain fitness for employment. Specifically, Franchisee must use its best efforts, including taking every action required by applicable laws related to background checks of persons working in Business, to ensure that no person is employed who has a record of child molestation or abuse, fraud, embezzlement, theft, immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of the customers or reflect adversely on the reputation of us or the System. If Franchisee learns or if we advise Franchisee that we have learned that an Employee does not meet our recommended qualification standards or that one or more Employees cannot meet the written standards imposed by us or by all applicable law and regulations, Franchisee shall promptly investigate the situation and immediately discharge and replace the Employee if they do not meet such standards. Failure of Franchisee to adhere to our qualification process, hiring guidelines and standards for employment

may result in termination of this agreement as specified in Section XXIII.C of this Agreement. Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's Employees and Franchisee's hiring, firing and discipline decisions regarding employees.

Franchisee must require its Employees to wear uniform dress bearing our Names and Marks while working at the Business and while servicing customers. No services may be performed for any customer, unless the employee is wearing the required apparel. Such uniform dress shall be of the design and color as we may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business.

G. Open Business within Time Limit

Time is of the essence. The Franchisee must open for Business for operation within sixty (60) days after execution of this Agreement which includes having obtained our approval prior to opening, subject to Section IX.A of this Agreement. Prior to Opening, Franchisee shall complete, to our satisfaction, all preparations of the Business, in accordance with specifications set forth in the Operations Manual and other written materials, and as required by local governmental agencies, including the acquisition and installation of products, equipment, furnishings, fixtures, vehicle (either a new or used large pickup truck with an extended cab as described in Section XII.H of this Agreement), vehicle graphics, apparel, computer and software, completion of the franchisee training program and provision to us of all required local information, artwork and photos for the completion of the Franchisee's web page.

H. Operate Business in Strict Conformity to Requirements

Franchisee must adhere to our answering service requirement and hire a professional answering service to answer phones if Franchisee does not have administrative staff and after regular business hours. Franchisee shall operate the Business in strict conformity with such standards, techniques, and procedures as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. Franchisee agrees to purchase equipment (as defined in Section XII.I) and computer systems and agrees to operate, service, repair, maintain and clean all such items according to our standards as outlined in the Operations Manual. Franchisee must keep all equipment and computer systems in clean and good working order at all times and purchase only approved parts to repair its equipment and computer systems from Franchisor's approved vendors and suppliers. All maintenance to the equipment and computer systems that cannot be completed by Franchisee must be performed by our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use any equipment that is more than ten (10) years old; and computers that are more than ten (10) years old. Franchisee agrees to replace all equipment and computer systems at Franchisee's expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or

because of health or safety considerations. Franchisee has thirty (30) days after Franchisee receives written notice from Franchisor to either remove or replace such equipment and computers. Failure of Franchisee to remove, replace and/or maintain its equipment and computer systems as described above may result in termination as described in Section XXIII.C of this Agreement.

Franchisee is required to offer only approved Services and Guarantee Programs; and use and sell products, supplies and equipment in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated and approved by us. All Services must be provided within the Franchisee's Territory as described in Section VI of this Agreement. Products that Franchisee is authorized to offer is described in Section XII.I of this Agreement. Prior to opening the Business for operation, Franchisee must adequately supply its Business with an assortment of products, supplies and equipment (as described in Section XII.I); and use and sell all products, supplies and equipment in accordance with our specifications. Franchisee is required to offer all Guarantee Programs and abide by the policies for each Guarantee Program as developed by Franchisor. The term "Guarantee Program" is defined as: a promise to return and provide Services to the customer at no charge under pre-defined circumstances as determined by us. We will provide Franchisee with a written list of Guarantee Programs Franchisee is required to offer during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Service, Guarantee Program, product or equipment; nor shall any provision herein imply or establish an obligation on the part of us to reinstate any Service, Guarantee Program, product or equipment discontinued by us or for any liability to Franchisee for any loss revenue incurred by Franchisee as a result of our decision to discontinue a particular Service, Guarantee Program, product or equipment. Franchisee agrees that we have the right, in its sole discretion, to change, modify, add or discontinue any approved Service, Guarantee Program, products, equipment and specifications at any time, in its sole discretion. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense within ninety (90) days of receiving such notice. Additional services, products or equipment Franchisee desires to use or offer for sale in its Business must be authorized in writing by Franchisor (as described in Section XII.I). Failure of Franchisee to adhere to our approved Services, Guarantee Programs, products and equipment that Franchisee is authorized to use and sell to customers, according to our standards and specifications and/or to adhere to any additions, modifications or changes to such standards and specifications after receiving written notice from us (as described above) will be considered to be in breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee cannot implement, offer or sell any other service unless approved by us in writing. We will respond to Franchisee's request to implement, offer or sell a new service by email or any other form of written communication within thirty (30) days from the date the request is received. We shall have the right to require, as a condition of its approval and review, that Franchisee submit to us all materials and supporting documentation describing the service Franchisee wishes to use and/or implement with customers. The cost of such investigation for approval shall be paid by the Franchisee (if applicable) and we shall not be liable for denying Franchisee's request. Failure of Franchisees to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee must purchase a new or used large pickup truck with an extended cab (referred to as “Vehicle”) and must purchase the type of Vehicles that are on our approved list of Vehicles (which will be provided to Franchisee during the initial training program) to transport equipment and perform Services within the Territory. The exception is if Franchisee operates a Conversion Model in which case Franchisee may be able to use its existing Vehicles so long as such Vehicles meet Franchisor’s specifications, including graphics wrap package, and appearance standards. If Franchisee operates a Conversion Model and uses its own Vehicle, Franchisor requires that the Vehicle must not be more than fifteen (15) years old and must meet Franchisor’s appearance standards as outlined in the Operations Manual. If Franchisee purchases additional Vehicles for the operation of the Business, Franchisee agrees to purchase the same type of Vehicle as its first one so Franchisee’s fleet is consistent, unless we authorize otherwise in writing. We will provide Franchisee with Vehicle type and Vehicle appearance specifications wrap package specifications, and Franchisee is responsible for the cost of the vehicle and installation of all vehicle graphics. Vehicle graphics must be purchased from us, our affiliates or approved vendors or suppliers. Franchisee must maintain the Vehicle and the Vehicle must maintain the Vehicle as outlined in Section XII.U of this Agreement. The Vehicle(s) must be maintained and damage free. All Vehicles must be washed weekly. In the event that the Vehicle is damaged, all damage must be repaired in sixty (60) days, including damage to any wrapped areas.

Franchisee must accept credit and debit cards and other payment systems and check verification services as specified as Franchisor, and which Franchisor may change from time to time. Franchisee shall also offer for sale, and will honor for customers, any incentive, coupon, or loyalty programs, which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of Franchisee’s state. These programs may include, without limitation, membership programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee’s full and complete participation in such programs are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee’s expense.

Franchisee is encouraged to accept the referral of any customer from another franchisee, company-owned business or us who desires to receive Services from Franchisee. If Franchisee chooses not to accept the referral, then we may provide Services directly or through another franchisee or third party without compensation to Franchisee. We encourage all Superior Mosquito Defense® businesses, when owned by different individuals, to work out a referral or transfer arrangement. Franchisee can provide Services to customers who live or who maintain a residence outside of Franchisee’s Territory if there is not a Superior Mosquito Defense® franchise or company-owned business in that area, as described in Section VI of this Agreement, provided once that area is sold or we have begun to operate in that area, Franchisee must no longer provide Services to customers therein. We shall use commercially reasonable efforts to deal with any Superior Mosquito Defense® business that violates this policy.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction. If Franchisee does not provide customers with satisfactory service and or fails to resolve complaints at the time complaint is registered or if Franchisee violates operating

standards or this Agreement, We may, in addition to its other remedies, complete the services and bill the Franchisee or customer for its services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service provided by a Superior Mosquito Defense® business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.

We may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, customer comment cards, secret shoppers or otherwise. We will share results of such programs with Franchisee as they pertain to Franchisee's Territory, and Franchisee will reimburse us for all costs associated with any and all such programs provided that Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with Franchisees is through announcements and/or memos we may periodically publish and distribute through an intranet system provided to Franchisees on our website. Franchisee is responsible for knowing all of the information contained in the announcements, memos and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements, memos and intranet system. If we establish an intranet system, we will have no obligation for the hosting of the intranet system (for example if hosting company goes down or shuts down the intranet system for maintenance or security reasons) or to maintain the intranet system indefinitely and may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

1. We will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; (vi) restrictions on copyright and other intellectual property infringement matters; and (vii) a privacy policy governing our access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, We can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.
2. Upon receipt of notice from us that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to their computers

and to establish and continually maintain electronic connection with the intranet system that allows us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.

3. We may use part of the System Advertising Fund that Franchisor collects under this Agreement to develop, maintain and further develop the intranet system.

We may require Franchisee to join and participate in industry specific, local or national associations. Such associations include, but are not limited to Franchisee's local Chamber of Commerce and Better Business Bureau. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for all membership fees and any related costs. We reserve the right to require Franchisee to join and participate in other professional organizations as we deem appropriate in its sole discretion. Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

In the marketing and operation of a Franchisee's Business, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, if Franchisee chooses to operate out of a location (rather than home-based) Franchisee may lease a space subject to the landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement, and the Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If the Franchisee has two or more Owners or it is an Entity, then the Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, Business Trust Agreement, or Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.

All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of us as set forth in the Operations Manual. Franchisee shall have the right to offer and sell Services and/or products at any prices Franchisee may determine, except that we reserve the right to establish minimum and maximum prices for any given Service or product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum prices for any Service or product so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and products offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or product at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee, statement, or warranty that offering such Services and/or products at the recommended price will enhance Franchisee's sales or profits.

Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically.

I. Use of Approved Products, Supplies, Equipment and Vendors

Franchisee acknowledges that we have spent considerable time in determining what products, supplies, equipment, processes, methods and vendors to use in the operation of a Superior Mosquito Defense<sup>®</sup> business. Accordingly, Franchisee acknowledges that Franchisee is to use only approved products, supplies, equipment, services, vendors and suppliers that includes but is not limited to: different solutions, mosquito dunks, tool box, proprietary products (which are organic compounds, repellents and solutions in addition to products that carry the Superior Mosquito Defense<sup>®</sup> brand), equipment (such as backpack gas powered sprayer, one 50 gallon water tank and a manual or electric pump), computers, furniture and fixtures, supplies (such as: containers, buckets, personal protection equipment, weather proof bags, cleaning and janitorial supplies), vehicles, vehicle graphics, apparel, marketing materials, yard signs, printed advertising materials and promotional items, software, answering service providers, merchant account providers, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, we will exercise commercially reasonable efforts to ensure that the product's price and quality will be comparable to similar products from other sources. We may take a portion of income earned from license fees, promotional fees, advertising allowances or rebates to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy products, supplies, equipment or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the advertising account Fund as described in Section X.B of this Agreement. If we do not require the purchase, we do not need to place such funds in a separate account or use them on advertising. Franchisee, agrees that we may periodically and upon written notice, add to, modify or change such approved products, supplies, equipment services, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisees expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a Superior Mosquito Defense<sup>®</sup> business with furnishing, fixtures, decor items and signage (including all vehicle graphics). This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section XII.T of this Agreement.
2. To insure the consistent high quality and uniformity of Services provided by Superior Mosquito Defense<sup>®</sup> franchised businesses, Franchisee must purchase products, supplies, equipment and services (as described above) from us, our affiliates or those approved vendors (including manufacturers, distributors and other sources) who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage,

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or deemed to be in breach of this Agreement, if we, our affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of the items mentioned above where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing products, supplies, equipment and services from unapproved vendors and/or suppliers who are not on our approved list without our written approval. All vendors and suppliers that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee purchases any products, supplies, equipment or services from any unapproved vendor or supplier without our permission, as described above, it may result in termination of this Agreement as specified in Section XXIII.C.

3. In approving any vendor or supplier, we may consider factors such as: price, quality, composition, performance, accuracy of product claims, durability, safety, frequency of delivery, service determination of quality control, value, prompt attention to complaints, the supplier's financial strength and capacity to supply Franchisee needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by Franchisor and may be disapproved by us anytime thereafter. If Franchisee desires to purchase unapproved products, supplies or equipment from unapproved vendors or if Franchisee wants to offer unique products that blend in with Franchisee's community, Franchisee must submit to us a written request for such approval. We will respond to Franchisee request within thirty (30) days from the date the request is received by email or any other form of written communication. We shall have the right to require, as a condition of its approval and review, that its representatives to be permitted to inspect the facilities of the proposed vendor or supplier and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and we shall not be liable for damage to or for the return of any sample. We may require Franchisee's vendors to sign our pre-approved Confidentiality and Nondisclosure Agreement, guarantee our level of quality. We reserve the right to re-inspect the facilities and to re-test the products, supplies and equipment of any approved vendor or supplier and to revoke any approval if the vendor fails to continue to meet our high standards.
4. Franchisee will not make any claims against us with respect to any vendor and/or related supplier (including our affiliates) for products, supplies, equipment or services (as described above) necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor or supplier). WE MAKE NO WARRANTIES REGARDING ANY VENDOR PRODUCTS, SUPPLIES OR EQUIPMENT AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF

COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT WE WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.

5. Franchisee will be required to use and/or offer for sell all branded merchandise or Proprietary Products developed by us, which will be listed in the Operations Manual. The term “Proprietary Products” is defined as all products, supplies, equipment, marketing materials and Superior Mosquito Defense<sup>®</sup> branded products all of which must be purchased by the Franchisee directly either from us, our affiliates or approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Failure of Franchisee to use and/or offer for sale Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
6. Franchisee acknowledges that we currently do not require Franchisee to maintain in inventory a Minimum Representation of Superior Mosquito Defense<sup>®</sup> Proprietary Products (however retains the right to do so in the future). “Minimum Representation” shall be defined as the continuous maintenance of an amount of Proprietary Products meeting requirements as defined in the Operations Manual. If this requirement is implemented, Franchisee shall at all times comply with our Minimum Representation requirements and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements, however does require that Franchisee purchase updates for all advertising, promotional and marketing materials when designated as mandatory by us and as specified in the Operations Manual).
7. Franchisee shall not make changes to any products, Proprietary Products, supplies, piece of equipment or any third party products including changing the containers, packaging, labeling, promotional materials, advertising, cartons or the like without our or the manufacturer’s prior written approval, which may be withheld in the sole discretion of the Franchisor or manufacturer. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.
8. Franchisee may not independently act as an exclusive distributor for any third party vendor or secure any exclusive rights to distribute any products, Proprietary Products and/or equipment inside or outside of Franchisee’s Territory without our

written consent. We shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this agreement as specified in Section XXIII.C of this Agreement.

9. Franchisee shall not manufacture or produce any product, supply or equipment that is similar to, or competes with any of Franchisor's Services, products, Proprietary Product or third party product, or any piece of equipment used or offered in a Superior Mosquito Defense<sup>®</sup> business without the advanced written consent of us or manufacturer, which may be granted or denied in ours or the manufacturer's sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.
10. Franchisee must inspect all products and equipment promptly upon receipt and may reject any product or piece of equipment that fails in any material respect to conform to manufacturer's description (if applicable). Any product or piece of equipment that has not been rejected within forty-eight (48) hours upon receipt shall be considered accepted. Rejected products or equipment must be returned to the manufacturer within three (3) days of the date on which manufacturer authorizes the return or as manufacturer specifies;
11. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Superior Mosquito Defense<sup>®</sup> businesses with some or all of the products, supplies and equipment that we require for use and/or sale in the development and/or operation of the Business. In this event, We may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all products, supplies, equipment and other products and services, and/or refuse any of Franchisee's requests if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove the vendors or suppliers who may be permitted to sell products, supplies and equipment to franchisees;
12. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all software and computer systems, meeting our specifications, as we may modify them. Franchisee will be required to purchase software from us, our affiliates or our approved vendors. We reserve the right to have independent access to all information that Franchisee stores in any computer system. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computer systems and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are the Franchisee's responsibility.

13. We cannot estimate the future costs of the software, computers or required service and/or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining software and computers (or additions and modifications) and required service and support. We have no obligation to reimburse Franchisee for any such costs. Within thirty (30) days after Franchisee receives notice from us, Franchisee agrees to obtain the software and computer components that we may designate and to ensure that Franchisee's software and computers, as modified, is functioning properly.
14. Franchisee is required to use our proprietary software for the operation of the Business (currently not in effect). If we develop proprietary software and requires Franchisee to use such software, we will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Business. We will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software ("Software"), if developed, will be subject to the following terms:
  - a. Franchisee will use our Software on a computer system that: (i) meet our computer hardware specifications; and (ii) is located at the Premises or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;
  - b. Franchisee acknowledges and agrees we will be the sole and exclusive owner of all right, title and interest in and to our Software, and its source code, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use at the Franchisee's principal place of business, in accordance with the software's documentation. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;
  - c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

- d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computer systems or any other computer system. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer system shall become our confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding our confidential information.
- e. Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, modify, alter, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software will result in termination of this agreement as specified in Section XXIII.C of this Agreement;
- f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that we will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We will claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure;
- g. THE SOFTWARE WOULD BE PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUALITY OF COMPUTER PROGRAMS, SYSTEM INTEGRATION, AND ACCURACY OF INFORMATIONAL CONTENT. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO

FRANCHISEE. WE WILL NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED, BUG FREE, WORM FREE, TROJAN HORSE OR ERROR FREE. WE MAKE NO WARRANTIES REGARDING ANY OPEN SOURCE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other Party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

- h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;
  - i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have not adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;
  - j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and
  - k. Franchisee must update all computer systems upon our request to optimize performance of the Software.
  - l. Franchisee shall only serve its customers by use of a printed ticket from our software program. Franchisee must print production tickets only from our software, so that all customers receive professional looking invoices.
15. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members or shareholders will make any claims) about any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer, system hardware or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these

problems. Franchisee must also take reasonable steps to verify that information about Franchisee's vendors, suppliers, lenders, landlords, customers and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

16. We may set standards or specifications for leases, real estate, the construction and build out of the Business (applicable if Franchisee chooses to operate out of a location); furnishings, fixtures, decor items, signage and Internet or network access services, at its discretion, including its subjective determinations relating to quality, value and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular product, supply or equipment nor shall any provision herein imply or establish an obligation on the part of us and our affiliates to sell products, supplies or equipment to Franchisee if Franchisee is in default of any payment to us, our affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of items purchased (if applicable), we or our affiliates shall not be obligated to sell such items to Franchisee.

J. Use Approved Design and Signage for the Premises

In operating Superior Mosquito Defense<sup>®</sup> business and if Franchisee chooses to operate out of a location (rather than home-based), Franchisee must adhere to our signage standards and utilize signage designs in accordance with the standards and specifications recommended by us, or that which will continue to be recommended by us. Franchisee must purchase signage from us, our approved suppliers, or submit an alternate supplier to us for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Upon renewal of this Agreement, Franchisee shall be totally responsible for obtaining and equipping the Premises and all Vehicles with the signage (including vehicle graphics) that is approved for use by us at the time of the renewal of this Agreement. The color, size, design and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, any type of games or rides, vending machines or other similar devices and decor items in the Business without our prior written consent.

K. Participation in the Operation of the Business

Franchisee acknowledges that a Superior Mosquito Defense<sup>®</sup> business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. Franchisee acknowledges that we have not represented that that this business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Business. Franchisee may assign the supervision of the Business to an Owner or Manager once approved by us. Franchisee agrees that the Manager will supervise all Employees and staff. The Manager will

also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

L. Advertising the Business

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of Franchisor as set forth in the Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: Any telephone, email, Internet, domain name, electronic network, directory and listings of the Business per our written approval. All items mentioned are our property and on termination will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, through the mail with return receipt if requested or any method we prescribe). Franchisee shall not use such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans and material upon the request of us. Any plans or materials submitted by Franchisee to us, that have not been approved or disapproved in writing, within thirty (30) days of receipt, by us, shall be deemed not approved.

Franchisee will not independently advertise or promote in any media (including on any Website as defined in Section VI) without our prior written approval, except when using materials previously approved by us. Franchisee must submit a request to us for any type of Website promotion in addition to any edits, changes or updates to Franchisees web page and all such edits, changes or updates must be performed by us, its affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in, at its own expense, and cooperate with all advertising and promotional programs we or any advertising group of franchisees selects, including any franchise marketing council we may implement. Franchisee is not required to follow or maintain any sales price, except that we will set minimum and maximum prices and will suggest prices, to the extent allowed by law.

Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and products offered by the Business pursuant to the System and Operations Manual, to effect the widest and best possible distribution of Services and products from the Business and to devote its best efforts to growing the Business.

M. Maintain Regular Business Hours

Franchisee's Business must be open for operation a minimum of five (5) days each week, which can be any five (5) days during the week Monday thru Saturday, except holidays as specified in the Operations Manual; or the hours otherwise approved in writing by us; or as required by the

lease of the Premises on which the Business is operated. Sunday is optional but highly recommended. It is required that the Franchisee respond to after hour inquiries and service calls immediately or within twenty-four (24) hours of the initial inquiry (as further described in the Operations Manual), maintain a telephone answering service and an e-mail address for the Business and monitor such to take messages and respond to both online and on-site customers outside of regular business hours.

N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail of the operation of the Business is important to the Franchisee, We and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Services offered and products sold by the Business under our System, and to protect our reputation, quality standards, and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications and variations to the System's standards, Services and products offered may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation making changes to approved Services, products, supplies, equipment, methods, strategies and techniques as used in the operation of the Business; the adoption and use of new or modified trademarks, uniform dress requirements, vehicle specifications, vehicle graphics, signage, software, employee hiring and retention programs, sales, advertising, promotion and marketing materials. Franchisee promises to promptly accept, implement, use in the operation of the Business, all such additions, modifications and changes at Franchisee's expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive excessive, or illegal collection techniques or other activity; or sell any product that we determines to be harmful to the goodwill, quality standards, or to reflect unfavorably on the reputation of Franchisee or we, the Franchised Business, or the services and products sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's customers or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business;

Franchisor will not require franchisee to make any changes, modifications and variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); furthermore Franchisor may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the System

within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement, except as allowed in Section XII.E of this Agreement.

O. Telephone Number of Business and Web page

Franchisee understands and agrees that the telephone number(s), URL address, web page and if permitted, Website for the Business (and any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Website for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s), URL address, web page and Website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, web page, Websites, Internet or similar connections, directory and listings for the Franchised Business are our property and upon termination will revert to us.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to us all products, equipment, discoveries, methods, techniques, formulas, processes, programs, concepts, operational procedures, inventions or ideas, whether patentable or not, relating to our business, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, equipment, discoveries, methods, techniques, formulas, processes, programs, concepts, operational procedures, inventions or ideas are the exclusive property of us, and that we shall have no obligation to Franchisee. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its owners, employees or agents for any such new product, equipment, method, technique, formula, process, program, concept, invention or improvement that we implement throughout the System. The Franchisee, its officers, directors, managers, members, partners and shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, copyright and intellectual property rights in any Franchisee discovery or idea to us. The term “all copyright and intellectual property rights” shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. The Franchisee agrees to execute all documents that we deem are reasonably necessary to carry out such transfer of intellectual property rights to us..

Q. Permit Franchisor to Enter the Premises

Franchisee shall permit us and our agents or representatives to enter the Premises during normal business hours for the purpose of conducting inspections on the operation of the Business without notice to Franchisee (including onsite at customer locations) to review business operations and service standards in general, in addition to removing samples of products, supplies and

equipment, without payment, for us to review to determine if such items meet our then-current standards and specifications. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct immediately any deficiency detected during such inspection. We shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;
2. Franchisee's Certificate, Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;
3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to Franchisor upon request;
4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH ANC GREEN SOLUTIONS I, LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. All Owners of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section XII.R. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");
6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time; If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time;
7. Each individual or Entity holding a 10% or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a 50% or greater interest in any limited liability company, partnership or corporation which has a 10% or greater interest in the Franchisee's

Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our written consent in which consent shall be approved or denied within thirty (30) days of Franchisee's request.

S. Selection of Premises

If Franchisee chooses to operate out of a location, rather than home-based, Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a space for the Business to be established under the Franchise Agreement and for the build out and equipping the business at such Premises. A typical Superior Mosquito Defense<sup>®</sup> franchise is operated out of a home or a small warehouse space that has approximately five hundred (500) square feet of space. If Franchisee chooses to operate out of a location, the space for the Business must be enclosed and separate from other businesses with its own locking door, unless otherwise approved by us in writing. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. On the execution of any lease for the Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Business must be approved by us.

**FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE LOCATION AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A LOCATION DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT SUPERIOR MOSQUITO DEFENSE<sup>®</sup> FRANCHISE OPERATED FROM THE LOCATION WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

Franchisee acknowledges that if operating out of a location, we have spent considerable amount of time choosing and creating the decoration and outfitting of a Superior Mosquito Defense<sup>®</sup> business. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Business for Superior Mosquito Defense<sup>®</sup> business constitutes and/or contains Confidential Information and/or Trade Secrets of ours. Franchisee agrees that the Premises for the Business shall be maintained and operated as follows:

1. Franchisee will maintain every component of the Premises such as: furnishings, fixtures, equipment, computers and signage (if applicable) in good order and repair at all times as specified in the Operations Manual;

2. Franchisee will keep the Premises fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Premises at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos at the Premises and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Premises, or any furnishings, fixtures or signage, contained within the Premises as specified in the Operations Manual;
5. Franchisee will maintain and upgrade the Premises and all furnishings, fixtures, equipment, computers and signage (if applicable) as specified from time-to-time in the Operations Manual so as to always use our then-current specifications;
6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Premises. Franchisee shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Business; and
7. Franchisee may be required to use only approved service centers for repairs and maintenance of any furnishing, fixtures, equipment, computers and signage on the Premises.

If Franchisee chooses to operate out of a location, Franchisee shall not execute a lease or sublease for the Business, or make any modifications or amendments to the lease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment (as defined in Section XXI). Franchisee will deliver to us a copy of any lease for our review at least ten (10) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. Franchisee shall ensure that the lease for the Business contains, in an addendum or otherwise, the following provisions which:

- 2) Permit Franchisee to operate a Superior Mosquito Defense<sup>®</sup> business in accordance this Agreement and the Manuals;
- 3) Provide that the Premises will be used only for the operation of a Superior Mosquito Defense<sup>®</sup> business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;
- 4) Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to Franchisee under the lease and give us the right

to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

- 5) Provide us with a right to take assignment and possession of Premises, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we'll sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will when signing this Franchise Agreement, also sign the Collateral Assignment of Lease attached as Schedule 7. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;
- 6) Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the Premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress and/or prevent/cure any default.
- 7) Not contain any clause providing that if the Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

T. Development and Construction of Premises

If Franchisee chooses to operate out of a location, rather than home-based, Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of working drawings necessary to complete construction and/or build out at the approved Premises. Franchisee may be provided with suggested plans and specifications (interior and exterior) for the build out of the Premises which may include specifications for storage, furnishings, fixtures, signage and all decor items. Franchisor may, if needed, review Franchisee's architect's final plans prior to implementation. Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved vendors and suppliers involved in the construction and fixturing of the Premises and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We would expect that if Franchisee operates the Business out of a location (such as a small warehouse space), the space will need minimal construction improvements, if any. Costs may vary widely depending on such factors as property location, climate, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, clearances, permits and certifications which may be required by state or local laws, ordinances or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Premises. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without the prior written permission of us. Any such change made without Franchisor's prior written permission shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Premises. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice within five (5) days after receipt thereof.

If Franchisee operates out of a location, Franchisee shall not open the Business for operation until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited, to materials, quality of work, signage, decor, paint, and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business for operation does not constitute a waiver of our right to require Franchisee to conform the Business to our standards.

U. Maintain Appearance of Vehicle

Franchisee acknowledges and agrees that the design, layout, appearance and other characteristics of the Vehicle (new or used large pickup truck with an extended cab as described in Section XII.H of this Agreement and as specified in the Operations Manual) to be used in the operation of a Superior Mosquito Defense<sup>®</sup> business constitute and/or contain Confidential Information and/or Trade Secrets of ours. Franchisee agrees that the Vehicle shall be maintained and operated as follows:

1. Franchisee will maintain the Vehicle and every component of the equipment in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep the Vehicle fully registered and roadworthy in accordance with applicable laws;
3. Franchisee will keep the Vehicle fully insured as specified in the Operations Manual.

4. Franchisee will keep the Vehicle at all times in a clean and tidy condition and free of any advertising or promotional material other than that required by law or the Operations Manual and will exhibit such graphics, signage, design, colors and logos on the Vehicle; and to upgrade or review the same as is specified in the Operations Manual;
5. Franchisee will not alter or in any way amend the appearance of the Vehicle as specified in the Operations Manual;
6. Franchisee will maintain and upgrade the Vehicle as specified from time-to-time in the Operations Manual so as to always use our then-current vehicle specifications for a Superior Mosquito Defense® Business.;
7. We strongly recommend that Franchisee uses an approved service center for repairs and maintenance of the Vehicle; and
8. Franchisee will drive, park and store the Vehicle in a safe and legal manner and location at all times.
9. The Vehicle must be washed every week.
10. All damage to the Vehicle must be repaired in sixty (60) days.
11. Franchisee must not provide services to any customer from an unwrapped Vehicle.

V. Training

Prior to Franchisee's opening of the Business for operation, Franchisee, its Owners or Manager shall complete to our satisfaction the five (5) day training program required by this Agreement no later than thirty (30) days of the date Franchisee anticipates opening the Business for operation. At our option, key personnel subsequently employed by Franchisee shall also complete the training program. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee's designated individual's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to us. If Franchisee's new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors, training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee, its employees, or agents in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

W. Ongoing Training and Support.

The Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail during regular business hours (central time zone). We will continue to consult with and advise Franchisee on Services; provide a telephone help hotline, free of charge, to answer any questions from Franchisee or its staff (Section XX.A of this Agreement), provide the Manual specifications in addition to vendor, supplier, product, equipment, marketing and operational updates as they become available; review advertising and supplier approval requests; and administer the System Advertising Fund.

**XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE**

A. Overall Coverage Required

Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify). Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain general comprehensive liability with a minimum policy limit of \$1,000,000 per occurrence and \$1,000,000 aggregate (this policy should include a property insurance rider for general tort, premises damage, chemical drift, personal and advertising injury) or in amounts specified by us.

Franchisee must also procure and maintain business interruption insurance in amounts specified by us; and automobile liability insurance with coverage of owned and hired vehicles with minimum coverage in amounts not less than \$100,000 combined single limit (bodily and property damage) or what is in accordance with Franchisee's state guidelines. Franchisee may also need to procure and maintain statutory workers' compensation insurance with limits of greater than \$100,000 or the minimum limits required by law.

If Franchisee opens a location for the Business, any construction, renovation, refurbishment or remodeling of the location, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders' risk and independent contractor's coverage) with limits of no less than \$1,000,000 per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

To the extent available, we may require Franchisee to obtain "All Risks" insurance (coverage for the full cost of replacement of the premises and all other property), professional liability insurance (covers Franchisee for damages that do not result in property or bodily injury), product liability insurance (covers Franchisee for damages that result in injury from products that Franchisee distributes), employer's liability, employee dishonesty insurance, employment

practices liability insurance, crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each State, with policy limits of \$1,000,000 or in the amount Franchisor specifies.

All insurance policies will name Franchisee as certificate holder and us as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. We may establish minimum standards for coverage to be met by underwriters for insurance and we have the right to audit Franchisee's insurance policies at any reasonable time without notice. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide Franchisor with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and may be deemed a material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, We may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section XVIII. Obligations to maintain

insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish us with certified copies of each of the insurance policies described above on either the earlier of the opening of the Business for operation or sixty (60) days following the date this Agreement is executed.

#### **XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS**

##### **A. Bookkeeping, Accounting and Records**

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, the Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchise and who will attend the Business not less than once a month for that purpose.

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of five (5) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide us all hard copy and electronic reports we prescribe on or before the 10th day of each month or daily if we require. Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer system), including an itemized report of Franchisee's Gross Revenue for the prior period on a form we prescribe, which will include payment for that periods' or months' fees due, and may include, to the extent that we require:

1. Franchisee's payroll records, certification or records of Gross Revenue (as defined in Section X.A), vendor summary reports, department summary reports and report of account receivables for the month, week, day or period reported; and/or
2. Copies of any invoices and customer contracts with updated location information in any format Franchisor specifies;
3. Copies of all invoices for purchases of products, supplies or equipment;

4. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);
5. Copies of all bank deposits, and bank deposit records made by the Franchisee; and
6. A complete list of all customers, their email addresses, physical addresses and telephone numbers, who have canceled or terminated Service, filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds of more than \$100 during the preceding month, by the tenth (10th) day of each month.

Franchisee acknowledges and agrees that we, at all times during and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Business. We may use, transfer, copy or analyze such Business Records as Franchisor determines in its sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer records, contracts, purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Superior Mosquito Defense® business, including but not limited to customers, employees, vendors and other professionals related to the Business.

Franchisee will be required by us to obtain specified computer hardware and/or software, including, without limitation, a license to use Software if developed by us, or software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining, maintaining, upgrading, etc. the hardware and software and other systems (and additions, modifications, maintenance or support). We have the right to charge a reasonable fee for the license, modification, maintenance and/or support of Software (if developed) that we may license to Franchisee and other products and services that we furnish to you related to the computer and other systems.

Franchisee will adopt a fiscal year as designated by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

**B. Franchisor's Right to Audit**

We or our agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time without notice. Franchisor will examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. Franchisor will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Revenue by 2% or more for any reported time period, in which case

Franchisee will pay the audit costs plus interest at the lesser of the rate of 18% percent per annum (1.5% per month) for all understated Gross Revenues or the maximum rate allowed by the laws of the State in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay us all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting, expert witness, and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of 2% or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.C. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to Franchisor and dollar amounts stated in this agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, renominated or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end. Failure to do so may result in termination of your franchise and loss of your investment.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders and to Franchisor's purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we acquire Franchisee's business and intend to sale it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers and creditors concerning the Business and hereby directs persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

**XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS**

A. Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. We have the exclusive right to use and license the Names and Marks to establish Superior Mosquito Defense® franchises in the United States.
2. We are taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall not otherwise be liable for any losses or any consequential damages, incidental damage, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.
4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operating Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by us for Franchisee's use, and shall use them only in the manner authorized and permitted by us and that in any use whatsoever of our Names and Marks that the Names and Marks are identified as being registered to or owned by us;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee's web page and accepted Business location;
3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchise" of Superior Mosquito Defense<sup>®</sup> and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and we own the Marks and Franchisee uses them under a license;
4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Business under the Name and Mark "Superior Mosquito Defense<sup>®</sup>";
5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and material breach of this Agreement;
6. Franchisee must obtain our approval for any use of any item of printed material of any kind bearing any of the Names and Marks, unless we supplied the item. We shall approve or deny Franchisee's request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of Trademark registrations and copyrights as we specify;
7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;
8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;
9. Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet or any Website including but not limited to, addresses, domain names, URLs, links, metatags, locators and search techniques;

10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for our Names and Marks or to maintain their continued validity and enforceability; and
11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, reasonably be necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, We are not obligated to protect Franchisee's right to use the Trademarks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Trademark or to change the trademarks at Franchisee's expense. We will control any and all such litigation, arbitration, and mediation involving our trademarks. The Franchisee has no authority to institute any litigation, file and arbitration, or institute any request for mediation regarding our trademarks, nor does the Franchisee have any authority to enter into any settlement negotiations;
12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts and contracts, as well as at such conspicuous locations on the Premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and
13. Franchisee further agrees to follow all of our quality standards that are inherent in the Franchisor's Names and Marks. Such quality standards are contained in the Operations Manual, as well as various policy statements issued by us, and may be changed from time to time at our sole discretion.

C. Franchisee Will Not Challenge Franchisor's Rights in Its Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, we are the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;
2. The Names and Marks are valid and serve to identify ANC Green Solutions I, LLC System and those who are franchised under the System;
3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;
5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;
6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;
7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to Franchisor with superior rights;
8. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person, business, or corporation.
9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:
  - a. To use the Names and Marks and itself in connection with selling Services and products;
  - b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with Franchisor's prior written consent. We retain the right to approve any linking to or other use of Superior Mosquito Defense® website;
  - c. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and
  - d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

10. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products, equipment and/or Software bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of products, equipment and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any product, equipment and/or Software or non-System products, equipment or software without Franchisor's written consent.

D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the Intellectual Property: the Names and Marks (some by license from Legg Lawn Care, Inc.), all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, Employees and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's customers, Employees including information we may request related to such customers and Employees. The use of any or all such intellectual property shall not create in Franchisee, its managing partners, members or shareholders title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee nor any of its Owners shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by the Franchisor, or developed by the Franchisee pursuant to this Agreement. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods and processes, including complete and entire interactive rights and rights to derivative works.

**XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION**

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of us that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding our System, our Services, products, proprietary products, supplies and equipment; specifications for all products, supplies and equipment; treatment strategies, techniques, methods and formats, Guarantee Programs (as defined in Section XII.H), vendor and supplier relationships, decor, signage, Vehicle specifications (including vehicle graphics) and operational strategies of the Business and the Operations Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution

of this Agreement and that the methods of us that are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Persons, corporations or other entities, which are, have been or become franchisees of the System and any investors therein;
2. Persons, corporations or other entities, which are, have been or become customers of Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures of the System, including without limitation: scheduling and executing Services, customer service standards, quality control strategies, product knowledge, using products and equipment, safety procedures, hiring, training and managing employees; cost and pricing strategies, sales techniques, contracts, forms and waivers, record keeping and accounting procedures, website information and maintenance, advertising, promotional, sales and marketing methods in addition to lists of approved vendors and suppliers;
5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, profitability, earnings and losses and capital and debt structures;
6. The Services and products offered to customers of a Superior Mosquito Defense® business, including, without limitation, the scope of services performed and services refused as well as all future service and product development plans, marketing strategies; and
7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years, following the expiration or termination of this Agreement, Franchisee agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, formulas, or the like.

**B. Franchisee's Employees Will Not Disclose Confidential Information**

Franchisee must keep the Methods of Operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents and representatives, as must have access to it in order to operate Superior Mosquito Defense® business. Franchisee must follow all our security procedures, which include the execution and delivery to us of approved nondisclosure or non-competition agreement from each such Employee, agent or representative within one week after they are hired. These

agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of our Confidential Information.

The Manuals are and remain our exclusive property. We will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us at the termination or expiration of this Agreement for any reason, or at any other time at our request. The Manuals contain mandatory and suggested specifications, standards and operating procedures that we prescribe for franchised businesses and contain information about Franchisee's other obligations under this Agreement. We may change or add to the Manuals to reflect changes in its image, specifications, and procedures and Methods of Operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee cannot copy any part of the Manuals (except for designated training sections), either physically or electronically. If Franchisee's copy or the Manuals are lost, destroyed or significantly damaged, Franchisee must replace the Manual at its own expense as set forth in Section XX.G.

#### C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by Franchisor or which bear any of our Names and Marks; any other materials or publications of us, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.
2. Franchisee will not refer prospective customers to any former franchisee.
3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.
4. If Franchisee observes any former franchisee using any of our Names and Marks in any way, or utilizing a business facility (including any vehicles) for which our Names and Marks and/or distinctive color scheme have not been completely

obliterated, Franchisee shall immediately report such observations to us along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a Superior Mosquito Defense® franchisee.
6. The provisions of this Section XVI.0 shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:
  - ii. Franchisee receives a new franchisee directory in which such franchisee does not appear; or
  - iii. Franchisee receives written notice from us that one or more particular franchise agreements have expired or a franchisee has been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have.

E. Franchisor's Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for the Operations Manual, Software (if developed), website and all promotions, marketing, sales, advertising and operations literature. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. To the best of Franchisee's knowledge the Franchisor's Confidential Information, trade secrets, copyrights, and patent rights are valid;

2. Franchisee shall not directly or indirectly contest the validity or the ownership of the our Confidential Information, trade secrets, copyrights, and patents;
3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;
4. Any goodwill arising from Franchisee's use of the Franchisor's Confidential Information, trade secrets, copyrights and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;
5. Franchisor reserves the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System.
6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. We cannot and does not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents.
7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights, and patents in Franchisee's name or that of any other firm, person or corporation.
8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and we have and retain the rights, among others:
  - a. To use the trade secrets, Confidential Information, patents, and copyrights and itself in connection with offering Services and products;
  - b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements.
  - c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and

- d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
- 9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and equipment bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products included as part of the System.

**XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS**

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons. The Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

C. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any 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. 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 site of the Business, or any improvements thereon.

## **XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION**

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of our officers, directors, shareholders and employees. Franchisee further understands and agrees that we, and our officers, directors, shareholders and employees, shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "claim, loss or obligation" will include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold us and our officers, directors, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of vehicles, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including the ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor, Employee of Franchisee's including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. This provision includes all claims as indicated above, of us, directly against Franchisee (without a third party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive the termination or expiration of this Agreement.

## **XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE**

### **A. Covenants are Independent**

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor 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 resultant covenant were separately stated in and made a part of this Agreement.

### **B. Franchisee's Principals**

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders officers, directors, and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 6 of this Agreement.

### **C. Franchisee Will Not Compete Against Franchisor**

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding: Services, treatment strategies, techniques, methods and formats; Guarantee Programs, cost and pricing strategies, specifications and knowledge of products, supplies and equipment; hiring, training and retention techniques; Vehicle specifications, procedures for safety and customer service, operational procedures, sales, promotional, advertising and marketing methods and the System. Franchisee agrees that, during the term of this Agreement, except as otherwise approved in writing by us, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed or was at any time during the prior twelve (12) months employed by us or by any other franchisee or affiliate, or otherwise directly or indirectly induce such person to leave his or her employment.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section XIX.C, either directly or

indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any business using any aspect of the System, the overall Superior Mosquito Defense® business concept, with similar services and/or products of a Superior Mosquito Defense® business within a twenty-five (25) mile radius of the Premises designated hereunder, or within a twenty-five (25) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. We may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). Upon termination or expiration, Franchisee will deliver to us a list of these Assets (as described in Section XXIV.G) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or to any customers of its Business or any other franchisees including company-owned businesses under Superior Mosquito Defense® business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or
3. Induce, directly or indirectly, any person (regardless of position) who is at that time employed by us or by any other franchisee of us, to leave his or her employment. This also applies to any person (regardless of position) who was at any time during the prior twelve (12) months employed by us, company-owned business or by any other franchisee of us. The only exception is if Franchisee receives written consent by us or any other franchisee and works out some type of an arrangement to compensate the former employer for actual costs and expenses related to replacing the person.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which it is entitled, in order to protect its Names and Marks, Services, products, Confidential Information, proprietary materials and rights, and goodwill, we may seek a permanent injunction and the preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain the injunctive relief and enter it in any court or arbitration forum that Franchisor deems appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of Franchisor to avoid irreparable harm and to protect, our Names and Marks, Services, products, Confidential Information, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to us resulting from Franchisee's breach of this Section XIX.

H. Set-Off

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section XIX.

I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by Alabama and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting you.

**XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES**

We will provide the Franchisee with the following assistance and services:

A. Training Programs

We will provide Franchisee with an initial training program at its headquarters or another location of its choice. The initial training program will take place after Franchisee pays the initial Franchisee fee, but before Franchisee opens for business. We will provide this initial five (5) day training program without charge to Franchisee and/or up to two of its Owners and/or Managers (total of three people) as designated by Franchisee no earlier than thirty (30) days before the date Franchisee anticipates the Opening of the Business (as defined in Section IX). Franchisee will, however, be responsible for travel, accommodation and other costs for all its attendees. Franchisee must attend and satisfactorily complete training no earlier than thirty (30) days before the opening the Business for operation. If Franchisee, its Owners or Manager fails to timely complete the initial training program to Franchisor's satisfaction, Franchisee has the right to appoint another Manager to be trained by us at Franchisee's expense and if the other Manager does not satisfactorily complete the Franchisor's satisfaction, then we may terminate this Agreement as described in Section XXIII.C. Any Owner and/or Manager designated by Franchisee must be trained by us within thirty (30) to ninety (90) days of first employment, at Franchisee's cost as provided below. For a second or subsequent franchise, We will not be obligated to provide additional training to Franchisee.

We may reasonably require Franchisee, its Owners and/or Managers to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Any such training before the Opening (as defined in Section IX) of the Business will be at no charge to Franchisee. Thereafter, Franchisee must pay for such training at our actual cost of up to \$250 per person per day. Franchisee must also pay travel, food, and accommodations and all other related expenses. We may attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, we may provide additional training to Franchisee or its Owners and/or Managers at Franchisee's request. Franchisee will pay us the charges that Franchisor reasonably determines. Franchisee will be responsible for travel and accommodation expenses of its trainees. If we provide training at Franchisee's location, at Franchisee's request, Franchisee will be responsible for Franchisor's travel, accommodation and other related costs.

We offer training resources, such as an Operations Manual, to assist franchisees at their business location. Franchisee shall give us not less than a two (2) week notice of when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and us.

- i. We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference and/or information available through the intranet system for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate (distinct from Continuing Education as described below) but not to exceed a pro-rated amount of the advanced/additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by Franchisee.
- ii. We may conduct an annual conference at such place as shall be designated by us for all Franchisees but initially will most likely be at our headquarters. A registration fee for each participant may be required not to exceed \$500 per person plus our expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.
- iii. We may provide refresher or continuing education "Continuing Education" sessions through the phone, web based (webinars), video or at locations designated by it but most likely at our headquarters. Continuing Education sessions (other than by phone, webinars or video) may have a registration charge of \$250 per day per person. The Franchisee is also responsible for costs associated with attending the meetings such as travel, room and board. The programs will normally not exceed two (2) days and it is expected to at least have quarterly programs subject to special need. The content will cover particular aspects of the franchise including but not limited to new treatment techniques, best practices for training employees, standards for servicing customers, new products, supplies or equipment; trends in the industry, operational guidelines, safety, website and software developments, sales, marketing, administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

We may, but is not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, annual convention and information available through franchisor's intranet system for the benefit of the Franchisee and the Franchisee's employees. After the completion of the initial training program, any additional training may be subject to a fee of up to \$250 per person per day. Any and all traveling, living and other expenses incurred by the

Franchisee or Franchisee's representatives or employees attending any training shall be paid by the Franchisee.

As part of the initial training program, we will provide Franchisee with: a written list of Vehicle specifications (such as approved types of Vehicles and appearance standards); a written list of approved Services, Guarantee Programs and products Franchisee is required to offer; a written list of approved products, supplies, equipment and services (as described in Section XII.I) Franchisee is authorized to purchase and use; a written list of approved vendors and suppliers to purchase products, supplies, equipment and services from; specifications, maintenance and operation for all equipment and computer systems; strategies for purchasing products, supplies and equipment; recommended procedures and standards hiring and training Employees, techniques in efficiencies, operational standards, customer service, safety procedures, suggesting pricing for Services and products in addition to sales training, advertising, marketing and promotional programs that have been developed by us (or our affiliates) and are necessary in the operation of each Business. we reserve the right, in its sole discretion, to add, modify, change or discontinue any Service, product or equipment from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide Franchisee with a startup kit during the initial training program that includes: web site, email address, Facebook page, polo shirt, dryfit spray shirt, cap, business cards, yard signs, estimate forms and printed materials. You will need to add to this kit when you run out of such items and all items must be purchased through us, our affiliates or approved vendors and/or suppliers.

We, our affiliates and/or approved vendors will provide specifications for computers and software programs necessary to operate the Business that includes training for such software as part of the initial franchise training program. We shall also provide guidance for the requirements, if any, for a computer and related software programs. In addition, we may provide technical support, ongoing assistance, consultation and upgrade requirements for Franchisee's computers and software programs. We will update and make changes to its Software, if developed, as we deem necessary. All costs associated with installation, upgrading, protecting and maintaining the computers and all other software programs necessary for the operation of the Business are the sole responsibility of the Franchisee.

We will provide additional guidance in the operation of Superior Mosquito Defense® business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in its Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours central time zone). Guidance may also be furnished in writing, telephonically, through training programs and/or on site consultations, web based computer training, among other methods. Onsite consultations are subject to additional training fees as mentioned above.

We may provide guidance to Franchisee in its efforts to obtain all certifications, licenses and permits required to operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such certifications, licenses and permits and all out of pocket costs associated with obtaining and maintaining such certifications, licenses and permits as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XIII.L of this Agreement.

We may provide announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on its behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning programs, new developments, techniques and improvements to management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. we may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

We shall provide guidance for establishing a standardized accounting, bookkeeping and cost management control systems. We will provide Franchisee with all update and upgrade requirements for computers and related software programs in response to changes in the Operations Manual, or changes in its policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

We will provide a telephone help hotline, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, central time zone). Franchisee will also be able to send us questions and suggestions using Internet email or intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

#### B. Web Page

We will provide to Franchisee a Superior Mosquito Defense® URL or web page housed within the corporate website at no additional cost. Franchisee may customize parts of the web page with our approval, however the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the web page and/or any Website promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in

writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Business as described in Section VI of this Agreement. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the web page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

#### C. Premises Selection

The Franchisee has the responsibility for selecting the Premises for the Business. Whether Franchisee chooses to operate out of its home or out of a location (such as a small warehouse space as described in Section XII.S) Franchisor will review and approve or disapprove the location of Premises and will not unreasonably withhold its approval. We must review and approve the lease prior to the lease being signed. If Franchisee proposes to purchase property, We must review and approve the purchase contract prior to being signed. We will have the right, but not the obligation, to inspect the Premises prior to opening.

We do not represent that we has any special expertise in selecting locations, and/or negotiating leases. Our approval of a location is not a representation or warranty that Superior Mosquito Defense® business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed location for the Business meets our minimum criteria for identifying locations. Franchisee agrees that our approval or disapproval of a proposed location does not impose any liability on us, or our employees, agents, shareholders, or owners.

We will provide guidance to Franchisee in Franchisee's efforts to obtain all licenses, permits and approvals required by governmental agencies to construct and operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such licenses, permits and approvals and all out of pocket costs associated with obtaining and maintaining such licenses, permits and approvals as described in Section XII.C of this Agreement.

#### D. Premises Layout and Design

If Franchisee chooses to open a location for the Business, provided that Franchisee leases a space in an existing building, we will provide Franchisee with guidelines for the layout and design of the Premises prior to the Franchisee signing a lease. The build out, costs of leasehold improvements, signage and other items necessary for finishing out the Premises are the responsibility of the Franchisee. Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. In addition, Franchisee may be required to adapt, at Franchisee's expense, the suggested plans and specifications to the Premises, subject to our approval, as

provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria. We may, if needed, review Franchisee's architect's final plans prior to implementation. The Franchisee is responsible for all lease negotiations.

Franchisee understands and acknowledges that we have the right to modify the suggested plans and specifications for the Premises as we deem appropriate, periodically (however we will not modify the suggested plans and specifications for the Premises developed pursuant to this Agreement once those plans and specifications have been given to Franchisee).

E. Hiring Employees

We will provide Franchisee with recommended qualification processes and comprehensive hiring guidelines when hiring Employees (defined in Section XII.F of this Agreement) for the Business. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for Employees. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Employees. Franchisee acknowledges that we have made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Employees are the sole responsibility of the Franchisee.

Failure of Franchisee to adhere to our qualification process for Employees and standards for employment (as described in Section XII.F of this Agreement and the Operations Manual) may be considered a breach of this Agreement and we may terminate, in its sole discretion the Agreement, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

F. No Warranties Other than in Writing

With respect to any products, supplies, equipment and/or services (as defined in Section provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed.

We are not liable for any guarantee or warranty the Franchisee, its Owners, Manager or Employees of the Franchisee make to a customer or to any third party. Franchisee will fully comply with any of our customer service program that we may develop and implement. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee to customers.

#### G. Operations Manuals

We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, from time to time as we deem necessary to improve on the methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. We will lend Franchisee the confidential Operations Manual for the initial training program and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to Franchisor, Franchisee must replace the Operations Manual at its own expense.

Franchisee shall at all times treat the Operations Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a Superior Mosquito Defense® business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of Franchisor and shall at all times be kept and maintained in a secure place at the Premises.

Franchisee shall at all times ensure that its copy of the Operation Manuals is kept current and up-to-date; and, in the event of any dispute as to the contents of the Operation Manuals, the master copy of the Operation Manuals maintained by us at the corporate offices shall be controlling.

Any suggestions the Franchisee may have concerning the improvement of our website or Franchisee's web page, Services, products, service format, advertising, promotional and marketing materials are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

#### H. Selecting Vendors, Suppliers and Vehicle Specifications

We will provide Franchisee a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for all products, supplies, equipment and services (as described in Section XII.I) and vehicles necessary for the operation of the Business. Franchisee may submit in writing alternate vendors or suppliers to us for approval as described in Sections XII.H and XII.I of this Agreement.

We will also provide Franchisee with a written list of Vehicle specifications (approved types of Vehicles, graphic standards, and appearance standards) necessary for the operation of the Business. If Franchisee operates a Conversion Model Franchisee may be able to use its existing

vehicles, otherwise Franchisee must purchase a used or new Vehicles for the operation of the Business as specified in Section XII.H of this Agreement. All costs associated with obtaining and maintaining the Vehicle are the sole responsibility of the Franchisee.

I. Availability of Products, Supplies and Equipment

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to Franchisor and/or its affiliates, maintain a reasonable supply of products, supplies and equipment (as described in Section XII.I) for purchase by Franchisee. We require that the Franchisee purchase such items from us and/or our affiliates. Franchisor will provide Franchisee with a written list of our approved vendors and Franchisee is responsible for acquiring such items necessary for the operation of a Superior Mosquito Defense® Business. All items that are provided by us will be competitively priced, taking into account equivalent quality and other considerations as specified in the Operations Manual.

We reserve the right to establish suggested rates and prices for Services and products from time to time based on competition prevalent within the outdoor insect control industry. We reserve the right to publish inventory and minimum representation requirements in the Operations Manual and such requirements may be amended from time to time by us and in our sole discretion.

We also reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. Franchisor may utilize such rebated funds in any manner it chooses in our sole discretion as more fully described in Section XII.I. We reserve the right to require Franchisees to purchase all products, supplies, equipment and services through our proprietary intranet system.

J. Advertising and Promotion

We shall develop and provide creative materials for local and regional advertising and make such advertising materials available to its franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. We shall provide specific guidelines for advertising initiated by individual franchisees and shall reserve the right to disapprove any advertising, which, in our opinion, is not in accordance with these guidelines. However, no approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. Suggested Pricing for Services and Products

We shall provide Franchisee with guidance and suggested pricing for Services and products offered by its franchisees. Franchisee shall have the right to offer Services and products at any rate or price Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and pricing for any given Service or product nationwide to the extent allowed by federal and state laws. Suggested rates and pricing for Services and products may vary from region

to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service and/or product at any rate or price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or products at the recommended rates and/or prices will enhance Franchisee's sales or profits.

We will provide to Franchisee a sample set of forms including contracts, waivers, customer agreements, marketing materials and various operational forms for use in a Superior Mosquito Defense® Business. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by Franchisor.

We will continue to research and develop new Services, products and equipment as it deems appropriate and in its sole discretion. We may conduct market research and testing to determine consumer trends and salability of new Services and products. If we choose Franchisee, Franchisee will participate in a market research program to test marketing new Services and products in the Business and provide us with timely reports and other relevant information regarding that market research. We will own all copyright and other intellectual property rights to all such reports provided by the Franchisee pursuant to this Section, in all media whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including complete and entire derivative rights and rights to interactive works. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products and equipment being tested, effectively promote the products and make a good faith effort to sell them.

Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions disseminated by us periodically.

L. Business Planning Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that Franchisor has any special expertise in reviewing or developing business plans. Our review and commentary of a business plan or financial pro-forma is not a representation or warranty that the Franchisee's business will be profitable or that Franchisee's sales will attain any pre-determined levels. Our review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

## **XXI. VARYING STANDARDS**

Because complete and detailed uniformity under many varying conditions may not be possible or practical, We specifically reserve the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Business or circumstance, business potential, demographics, density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such Franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly requires us to grant such similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion", "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisees individual interests or the interests of any other Franchisee(s). You, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

## **XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS**

### **A. Relocation**

Any relocation of the Premises (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at Franchisee sole expense and (4) may require that Franchisee (and each Owner) sign the general release.

### **B. General Requirements for Assignment by Franchisee**

Franchisee shall not voluntarily or involuntarily transfer or encumber any interest in or ownership or control of Franchisee, the Franchised Business or this Agreement (however Franchisee is allowed to transfer up to 20% of its shares or other ownership interests as described below), except in the ordinary course, of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without our prior written

consent, which will not be unreasonably withheld. Any attempted transfer of any interest in the Business without our prior written consent will be a default under the terms of this Agreement, and will be voidable by us. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with us, our affiliates and all suppliers;
2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet our then-applicable standards;
3. The proposed transferee (or its owners if an Entity, managers, directors or officers) must not operate a franchise, license another or operate other business offering services and products similar to those offered by a Superior Mosquito Defense® business without our permission;
4. We shall charge a flat transfer fee of \$1,500 to Franchisee. The term “flat transfer fee” means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The transfer fee will include, but not be limited to, reasonable attorney’s fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, telephone charges, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay the flat \$1,500 above, plus the amount of any broker fees that we are responsible for paying to third parties (does not include our employees);
5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost of \$250 per person per day and our expenses, subject to increase from time to time;
6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;
7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement;
9. The transferee must meet our subjective and objective standards, including experience, talent, skills, educational, managerial, business, and financial capacity; has the aptitude and ability to conduct a Superior Mosquito Defense® business; and has adequate financial resources and capital to operate the Business; and the transferee's Manager must complete the training program to our satisfaction;
10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, except the following may differ (i) the term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement, (ii), the transferee shall sign all other ancillary agreements as we may require for the Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (iii) examples of such changes also include, without limitation, higher royalty fee payments, advertising contributions and renewal rights;
11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;
12. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;
13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;
14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity without violating this provision, provided that in connection with any such transfer the transferee executes the same Guarantee and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than

twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee, and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;
16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;
17. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;
18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;
19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert customers of us, or attempt to hire employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section XIX.C of this Agreement; and
20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Superior Mosquito Defense® business that Franchisee or its Principals own and operate) identify itself or any business as a current or former Superior Mosquito Defense® business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Superior Mosquito Defense® business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or the stock, membership units, or

partnership units of the Franchised Business on the grounds that the proposed Franchisee has in the sole opinion of the Franchisor taken on too much debt.

C. Transfer, Sell or Assignment by Franchisor and Franchisor's Right of First Refusal

We have an unrestricted right to purchase, transfer or assign its rights or obligations under this Agreement to any transferee or other legal successor to the interests of our and will give Franchisee thirty (30) days written notice of our decision to exercise our right of first refusal.

We will have a right of first refusal regarding any proposed transfer, by Franchisee or an Owner of Franchisee, subject to this Agreement. During the term of this Agreement, if Franchisee, any of its Owners wish to sell, assign or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The 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. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit of \$1,500 (if a proposed disposition is part of a transaction involving additional Superior Mosquito Defense® businesses, operating under other franchise agreements or license agreements with us, the proposed buyer must pay you this earnest money deposit for each Superior Mosquito Defense® business, involved).

To enable us to determine whether it will exercise its option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). In the event that we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of the election to purchase said Interest by us. Failure of us to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the “Trigger Date”), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The “Preliminary Due Diligence Package” is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee’s financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the Business’s current lease or sublease (if applicable), information about the number and compensation of employees working at the Business, payroll tax records for the past three (3) years, business income tax records for the past three (3) years, customer records and the Franchisee’s merchant account printouts for the past three (3) years, the Franchisee’s bank deposits for the past three (3) years, and a description of competing outdoor insect control businesses and/or any other type of businesses offering similar Services and products operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the “First Notice Deadline”) that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the “Due Diligence Deadline”. If we elect to purchase the Interest proposed to be sold for the price and on the terms and conditions contained in the offer:

- 1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- 2) Our credit will be deemed equal to the credit of any proposed buyer, meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;
- 3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and
- 4) We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:
  - ii. Ownership and condition of and title to ownership interests and/or;
  - iii. Liens and encumbrances relating to ownership interests and/or assets;

- iv. Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;
- v. All products, equipment, supplies, computers, software and vehicles are in good working condition and suitable for use;
- vi. No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;
- vii. There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;
- viii. The Franchisee has the authority to sell the assets of its business, including a copy of all director and/or Owner resolutions;
- ix. The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;
- x. There will be no material adverse change in the operation of the Franchisee's business between the date of signature of any Asset Purchase Agreement, and the date of settlement;
- xi. There are no tax or employee claims or issues; and
- xii. The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in Superior Mosquito Defense® Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Pending assignment, upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal, a manager shall be employed for the operation of the Business who has successfully completed our training courses to operate the Business for the account of Franchisee. If after the death or disability of the Principal, the Business

is not being managed by such trained manager, Our is authorized to appoint a manager to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding ninety (90) days without the approval of the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager, shall be charged to such fund. As compensation for the management services provided, in addition to the fees due, Franchisor shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that you shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Franchisor-appointed or approved manager.

Within thirty (30) days after law transfers the franchise to Franchisee's heirs or successors or the heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of assignment of the franchise. The application for assignment is subject to the same conditions, procedures and costs as assignment of any other franchise except that there will be no transfer fee.

E. Transfer, Sale or Assignment to a Third Party

If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), We will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining the prior written approval of us, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither us nor our employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that Franchisor has a reasonable

time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay us actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that then applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request our assistance in locating a buyer for its Business. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we elect to assist Franchisee in finding a buyer for the Business in any way, Franchisor makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.

**XXIII. TERMINATION OF FRANCHISE**

A. Impact of Statutes Upon Franchise Agreement

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under that we may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.

We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or their respective affiliates).

C. Termination of Franchise Without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Fails to agree on a Territory (if a Territory was not agreed upon before signing this Agreement), acquire a lease and/or open the Business within the specified time limits as provided in Section IX.A above;
2. Fails to attend and satisfactorily complete the initial training program no later than thirty (30) days of the date Franchisee anticipates opening the Business;
3. Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee, its managing partners, members, shareholders or Manager has failed the initial training program and does not appoint another Manager to attend; or another Manager appointed by Franchisee fails the initial training program and/or is deemed not qualified to manage a Superior Mosquito Defense® business (as described in Section XX.A);
4. Abandons, surrenders, or transfers control of the operation of the Business or fails to continuously and actively operate the Business for seven (7) consecutive days, unless precluded from doing so by damage to the premises of the Business due to

war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;

5. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due for a reasonable time thereafter any financial statement, tax return or schedule, or to pay when due Royalty Fees, or any other payments due us or our affiliate;
6. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance (which includes failure to properly qualify and hire Employees as described in Section XII.F and per our guidelines and standards as specified in the Operations Manual);
7. Unable to provide Services and/or products associated with the System, or any business or other license required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;
8. Fails, for a period of fifteen (15) days after notification of non-compliance by us or any appropriate authority, to comply with any federal, state federal, state or local law, ordinance or regulation applicable to the operation of the Business;
9. Violates any health, safety or sanitation law, ordinance or regulation, or operates the Business (including operating any Vehicles) in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours or a shorter period as required by applicable law once Franchisee receives notice from us or another party;
10. Has made a material misrepresentation or omission on the application for the Franchise;
11. Transfers, assigns or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;
12. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by us;
13. Fails to: adhere to our approved Services, products, Proprietary Products and equipment that Franchisee is authorized to use, sell and offer; refrain from offering Services and/or selling products or equipment through any alternative channel of distribution not approved by Franchisor; or offer, modify, change or discontinue any Service and/or product as described in Sections XII.H and XII.U of this Agreement;

14. Fails to adhere to our Vehicle specifications (vehicle type and appearance standards) and fails to reasonably maintain the Vehicle as specified by us and Sections XII.H and XII.U of this Agreement;
15. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;
16. Engages in any other activity, which has a material adverse effect on us or the Names and Marks;
17. Makes or allows any unauthorized use or copy of Confidential Information, Proprietary Products and/or Software (if developed) or seek to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or Software;
18. Engages in any activity to translate, reverse engineer, reverse compile, change or disassemble any create derivative works based on our Confidential Information, products, Proprietary Products, supplies, equipment and/or Software (if developed);
19. Manufactures or produces any product, supply or equipment that is similar to, or competes with any of our products, Proprietary Products, third party products or any product, supply or equipment used, offered or sold in the Business without the advanced written consent of us;
20. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any product, Proprietary Products or third party product or equipment offered or sold in the Business without our written consent;
21. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software (if developed) or any portion thereof, or any rights therein, to any person or entity;
22. Exhibits a reckless disregard for the physical or mental well-being of employees, customers, us or our representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;
23. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;
24. Fails or refuses to: (i) cease using and/or remove any product, supply, equipment or other items necessary for the operation of the Business deemed to constitute a violation of this Agreement by us; (ii) purchase and maintain all equipment and

computer systems (clean, service and repair) as specified by us; (iii) offer, modify, change or discontinue any Service, Guarantee Program or product as we specify; (iv) execute and perform Services according to our standards; and/or (iv) purchase or use the equipment, products, supplies and services as specified by us and/or purchase such items from us, our affiliates or approved vendors and suppliers (as described in Sections XII.H and XII.I of this Agreement);

25. Purchases or uses the services of any unapproved vendor or supplier without our permission, as described in Section XII.I of this Agreement;
26. Fails or refuses to comply with our inventory requirements or minimum representation requirements (if applicable) as set forth in the Operations Manual;
27. Fails to comply with the terms of any auto-ship programs (if applicable) as set forth in the Operations Manual;
28. Engages in Target Marketing to solicit customers outside the assigned Territory or Franchisee refuses to refer customers to another franchisee or company-owned business if (i) such customer lives outside the assigned Territory and within the area of another franchisee or company-owned business; or (ii) Franchisee is unable to provide prompt service to customers due to excessive work or any other cause;
29. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, Websites (including addresses, domain names, URLs, links, metatags, locators, etc.), search techniques and co-branding arrangements without our prior written consent;
30. Is convicted of a felony or has pleaded nolo contendere to a felony, or is convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged or convicted of a crime of moral turpitude;
31. Engages in unfair business practices or unethical conduct;
32. Fails to discharge within a reasonable time any valid lien placed against the property of the Business;
33. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
34. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;

35. Becomes insolvent or makes a general assignment for the benefit of creditors;
36. 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;
37. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;
38. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.
39. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or is wound up;
40. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;
41. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;
42. If, in material violation of the terms of Sections XII, XVI, XX and/or XX.II;
43. If Franchisee maintains false books or records, or submits any false reports to us;
44. If any inspection of Franchisee's records discloses an under-statement of payments due to us of 2% or more twice in any two (2) year period; and
45. If Franchisee's business has six (6) or more material complaints reported to us, a governmental entity or other public forum (material complaints are determined in our sole and absolute discretion) with respect to the Business in any twelve (12) month period.
46. If you and us fail to agree on a Site within 45 days of your signing the Franchise Agreement.

D. Termination by Franchisee

If we violate a material and substantial provision of the Agreement and fails to remedy or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision of this Agreement by us and our failure to

cure such breach within thirty (30) days after receipt of written notice thereof, shall not be permitted.

E. General Effect of Termination

On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to its royalties and other fees for either the remaining of the term of this Agreement or two (2) years (whichever comes first) and to all other applicable remedies (as described in Section XXIV.H).

F. Territory Alteration As An Alternative To Termination

If you are in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to exclusivity in the Territory, effective 10 days after delivery of written notice to you. In addition, we may modify or eliminate completely, your Territory.

**XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION**

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services and products associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, tag lines, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage, decor, Vehicles with graphics, advertising materials, stationery, forms, and any other articles, which display the Names and Marks. If Franchisee operates out of a location, Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, buildings, structure, Vehicles and premises so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Superior Mosquito Defense® business, and from other existing Superior Mosquito Defense® businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.

B. Franchisee Shall Cease Operating Business

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of us.

Franchisee must immediately tender all new or used inventory of our Proprietary Products, equipment (if applicable), decor, signage, promotional, advertising and marketing materials in addition to all Confidential Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and 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 or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, Websites, email, listings and location contacts for the Business to us or our designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Web Page

Upon termination or expiration of this Agreement, Franchisee agrees that, we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, web page, Websites and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, web page, Websites and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, web page, Websites and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, web page, Website and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee will immediately return to us all copies of the Operation Manual, training materials and any other

materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of the Marks, and all customer lists and contracts for the Franchised Business.

G. Franchisor May Purchase Assets

We shall have the first right of refusal to purchase or assume Franchisee's interest in the Franchised Business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means all products, Proprietary Products, equipment, furnishings, fixtures, decor items, computers, Vehicles, signage, inventory (non-perishable products, supplies in addition to advertising and marketing materials), leasehold improvements and the lease or sublease for the Business. This right is governed by time limits and procedures described in this Agreement with respect to our right of refusal in the event of an assignment. If Franchisor exercises its right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing our Names and Marks, at the lesser of Franchisee's cost or fair market value. The cost shall be determined based upon a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost; and for any items that display the Marks, the fair market value is agreed to be zero. If we elect to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to us, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, System Advertising Fund contributions, other advertising fees, payments or any other sums owed to us by Franchisee, which are then unpaid. Franchisee shall pay to us all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that it would be impossible to determine the amount of our damages precisely, and Franchisee accordingly agrees that in such event it shall be obligated to pay to us, as liquidated damages, and not as a penalty, all Royalty and System Advertising Fee payments that we would have received, if this Agreement remained in effect until its scheduled expiration date. This payment shall be calculated based on the average monthly Royalty Fee payment and the average System Advertising Fund contribution paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years (whichever comes first). Such payments shall be due to us within thirty (30) days after the effect Date of Termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

## **XXV. ENFORCEMENT**

### **A. Franchisee May Not Withhold Payments Due Franchisor**

Franchisee agrees that he or she will not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to arbitration as provided in this Agreement. The Franchisee has no right of offset, or set off to any amounts due and owing to us.

### **B. Severability and Substitution of Valid Provisions**

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

### **C. Mediation**

The parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.D. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the parties will agree to a date and/or certain event which will constitute a completion of the mediation process. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then the other party (“Mediating Party”) shall be entitled to recover attorney’s fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and cost in any arbitration or legal action between the parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. It shall be held at the same venue as for arbitration as described in Section XXV.D.

### **D. Arbitration**

Except as we elect to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by us, or any obligation of us, or the breach thereof (including, without limitation, any specification,

standard or operating procedure or any other obligation of Franchisee or us, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Morgan County, Alabama. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association (“AAA”) and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of us or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The Parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The Parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis. The party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the Alabama Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against either us or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and we shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally and the prevailing Party shall be entitled to recover reasonable attorney fees from the other party, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel Franchisee to comply with Franchisee’s obligations to us and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential information, trade secrets, or copyrights provided by us to the Franchisee under this Agreement.

E. Rights of Parties Are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual.

F. Judicial Enforcement, Injunction and Specific Performance

We shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases or subleases (if applicable), sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure any such injunction or orders of specific performance, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by us as a result of the breach of any provision of this Agreement.

G. Alabama Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Alabama, and venue for arbitration or litigation shall lie in Morgan County, Alabama, or in the applicable United States District Court for Alabama.

H. Attorney Fees

In the event that either party incurs any expenses (including but not limited to reasonable attorney's fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing Party shall be entitled to recover such expenses directly from the other.

I. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

J. Entire Agreement/Integration

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise Disclosure Document that we furnished to Franchisee. Except for those acts permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. The Operation Manual may

be amended at any time by us, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

**K. Force Majeure**

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

**XXVI. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

**XXVII. COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

**XXVIII. TIME IS OF THE ESSENCE**

Time is of the essence. The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

**XXIX. APPROVALS AND WAIVERS**

Whenever this Agreement requires the prior approval or consent of us, Franchisee shall make a timely written request to us therefore, and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to

Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefore.

No failure of us to exercise any power reserved to us 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 our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by us 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 our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

### **XXX. AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to us, both individually and in their capacities as owners or officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

### **XXXI. REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE**

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

**FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE, ALL MANAGING PARTNERS MEMBERS OR SHAREHOLDERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON**

**PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED SUPERIOR MOSQUITO DEFENSE® FRANCHISES.**



®

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have duly executed, sealed and delivered this ANC Green Solutions I, LLC Franchise Agreement in duplicate on this date \_\_\_\_\_/\_\_\_\_\_/20\_\_\_\_.

**FRANCHISOR:**

**ANC Green Solutions I, LLC**

Address for Notices:  
ANC Green Solutions I, LLC  
4601 Old Highway 31 South  
Decatur, AL 35603  
Telephone: (256) 355-1871  
Attn: Heath Legg

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

Address for Notice:  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Superior Mosquito Defense®  
Franchise Agreement 2021  
6-09-2021



®

SCHEDULE 1  
 ANC GREEN SOLUTIONS I, LLC  
 AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
 (DIRECT DEPOSIT)

BY AND BETWEEN ANC GREEN SOLUTIONS I, LLC AND \_\_\_\_\_  
 (“FRANCHISEE”) DATED \_\_\_\_\_ 20\_\_\_\_.

The undersigned depositor (“DEPOSITOR”) hereby authorizes ANC Green Solutions I, LLC (“COMPANY”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’s instructions.

DEPOSITOR	Branch
Address	City, State and Zip Code
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

DEPOSITOR	DEPOSITORY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

Superior Mosquito Defense®  
 Franchise Agreement 2021  
 6-09-2021



SCHEDULE 2  
ANC GREEN SOLUTIONS I, LLC  
PRE EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement.

Franchisee represents and warrants to Franchisor as follows:

1. Entities and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as \_\_\_\_\_, (“Pre - Existing Business”).
2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third party rights relating to the Pre — Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of the Franchisee in the Franchised Business, and
3. Other than the consents of Franchisee and us there is no other third party consent required for the acquisition of the franchise to be legally binding and effective, and
4. There are no existing restrictive covenants, other than those which the Pre -Existing Business has waived, binding on Franchisee or any of its partners, owners, agents, representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to us, and
5. The Pre-Existing Business provides the following goods and services to its customers at the following locations:

5.1 Services and products of Pre-Existing Business(es)

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5.2 Location(s) of Pre-Existing Goods Business(es)

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and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as the Franchised Business under the trade name “Superior Mosquito Defense®”, and
7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by us, and
8. Franchisee shall indemnify, defend and hold harmless us and our affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee’s employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

**FRANCHISEE**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



SCHEDULE 3  
 ANC GREEN SOLUTIONS I, LLC  
 EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

**FRANCHISEE**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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SCHEDULE 4  
ANC GREEN SOLUTIONS I, LLC  
ADA & RELATED CERTIFICATIONS

ANC Green Solutions I, LLC (“we, us, our”) and \_\_\_\_\_ (“Franchisee”) are parties to a franchise agreement dated, \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) for the operation of a Superior Mosquito Defense® Business (the “Business”).

In accordance with Section XII.C of the Franchise Agreement, Franchisee certifies to us that the Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by us does not constitute ownership, control, leasing or operation of the Business. Franchisee acknowledges that we have relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify us, our members, managers, officers, employees and agents, and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys’ fees, related to the same.

**FRANCHISEE**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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SCHEDULE 5  
ANC GREEN SOLUTIONS I, LLC  
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY  
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty is to the Franchise Agreement between ANC Green Solutions I, LLC (“we, us, our”) and \_\_\_\_\_ (“Franchisee”) dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

1. The undersigned agree, individually and on behalf his or her martial community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by us. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.
2. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.
3. Each Guarantor waives:
  - a. Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
  - b. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;
  - c. Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
4. Each Guarantor consents and agrees that:

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- a. Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;
  - b. Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
  - c. Each will individually comply with the provisions and all subsections of the Agreements and associated documents;
  - d. Liability is not contingent or conditioned on our pursuit of any remedies against Franchisee or any other persons; and
  - e. Liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person;
  - f. Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that we may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.
  - g. Each waives acceptance and notice of acceptance by us; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.
5. Each Guarantor further hereby consents and agrees that:
- a. Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;
  - b. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency
  - c. We may proceed against Guarantor and Franchisee jointly and severally, or We may, at its option, proceed against Guarantor, without having

commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and;

- d. Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section XXV.D of the Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section XXV.D of the Agreement in accordance with its terms.

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

Dated on the \_\_\_\_\_ date of \_\_\_\_\_, 20\_\_\_\_.

**(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):**

NAME	ADDRESS	PERCENTAGE
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		



SCHEDULE 6  
ANC GREEN SOLUTIONS I, LLC  
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPLES

- A. The following is a list of all managing partners, shareholders, partners or other investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

- B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 8.



SCHEDULE 7  
ANC GREEN SOLUTIONS I, LLC  
COLLATERAL ASSIGNMENT OF LEASE

Franchisee: \_\_\_\_\_  
\_\_\_\_\_

Franchisor: ANC Green Solutions I, LLC

Date of this Collateral Assignment of Lease (the "Assignment"): \_\_\_\_\_

The Franchisee, to effect various provisions of that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, by and between Franchisee and us (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated \_\_\_\_\_, 20\_\_\_\_, between Franchisee and \_\_\_\_\_ ("Landlord"), for that property commonly known as: \_\_\_\_\_ (the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of us.

Except as provided in the Franchise Agreement, we will not take possession of the Premises under this Assignment until and unless there is a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Lease, any sublease and/or the Franchise Agreement. In such event(s), we (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to us or our designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith, and do all acts necessary or appropriate thereto. We will have no liabilities or obligations of any kind arising from, or in

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connection with, this Assignment, the Lease, the Premises or otherwise until and unless we take possession of the Premises pursuant to this Assignment and, in any event, we will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, we shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. We shall notify Landlord, in writing, within three days of taking possession of the Premises that has been taken such possession.

Notwithstanding anything herein to the contrary, upon us taking possession of the Premises, Franchisee shall not be relieved of any of its obligations under the lease.

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, We may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of us. Failure of us to exercise any remedy hereunder shall not be a waiver of any of its rights. Our rights and remedies of under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, us and Franchisee and their respective successors and assigns. With respect to the us and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but we may, in any event and at its option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and us and/or Franchisee, the dispute provision of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to us and we shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if we shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by us of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, we shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless we expressly assume the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on us a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to us. We or our nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the

termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to us, Franchisee or Landlord shall be addressed as follows:

[Insert applicable notice addresses].

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

**LANDLORD**

**FRANCHISOR:**

\_\_\_\_\_

**ANC Green Solutions I, LLC**

by \_\_\_\_\_

by \_\_\_\_\_

Its \_\_\_\_\_

its \_\_\_\_\_



SCHEDULE 8  
ANC GREEN SOLUTIONS I, LLC  
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into \_\_\_\_\_, 20\_\_\_\_, between ANC Green Solutions I, LLC, a Delaware limited liability company (hereinafter referred to as “we, us, our”), \_\_\_\_\_ (hereinafter referred to as “You”)

**RECITALS:**

WHEREAS, We have acquired the right to develop a unique system (the “System”) for the development and operation of businesses under the name and mark “Superior Mosquito Defense®” (“Business”); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Superior Mosquito Defense® and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards; our Services, products, proprietary products, supplies and equipment; specifications for all products, supplies and equipment; treatment strategies, techniques, methods and formats, Guarantee Programs (as defined in Section XII.H), vendor and supplier relationships, cost and pricing strategies, customer service standards, employee hiring, training and retention; procedures for safety and quality control, vehicle specifications (including vehicle graphics), software, our website, operational procedures, forms, contracts, bookkeeping and accounting methods sales, marketing, advertising and promotional materials; all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System (“Trade Secrets”); and

WHEREAS, the Trade Secrets provide economic advantages to us and are not generally known to, and are not readily ascertainable by proper means by us competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, We have taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, We have granted you a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the franchise agreement made and entered into \_\_\_\_\_, 20\_\_\_\_ (“Franchise Agreement”) between you and us ; and

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WHEREAS, you and us have agreed in the Franchise Agreement on the importance to us and to you and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, you have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become your employee; and  
WHEREAS, You will receive and use the Trade Secrets in the course of operating the Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

6. You and/or we shall disclose to You some or all of the Trade Secrets relating to the System.
7. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation by you of Business using the System for so long as you are licensed by us to use the System.
8. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.
9. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff then only to the limited extent necessary to train or assist your staff in the management or operation of a Business using the System.
10. That all information and materials, including without limitation, drawings, specifications, techniques and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.
11. You shall surrender the Confidential Franchise Operations and Procedures Manual and such other manuals and written materials as we shall have developed ("Manuals") described in the Franchise Agreement and any other material containing some or all of the Trade Secrets to you or us, upon request, or upon conclusion of the use for which the Manuals or other information or material may have been furnished to the You.
12. You shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System or the Names and Marks.
13. The Manuals are loaned by us to you for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor written consent.
14. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that for two (2) years following the earlier of the

expiration, termination or transfer of all of your interest in the Franchise Agreement with you, You will not, without the prior written consent of us:

- a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Business to any competitor.
  - b. Employ or seek to employ any person who is at the time employed by us or any franchisee or developer of us, or otherwise directly or indirectly induce such persons to leave that person's employment.
  - c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same or is similar to the Franchise including, but not limited to, any outdoor insect control and/or related business which is the same as or similar to the Business including, but not limited to, any which offers similar services and products to a Superior Mosquito Defense® which business is, or is intended to be, located within a 25-mile radius of the location approved in the Franchise Agreement or of any Business (which includes company-owned businesses and/or other franchise businesses) in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by you, as applicable.
15. You undertake to use your best efforts to ensure that Employee acts as required by this Agreement.
  16. You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, We shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
  17. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and you in enforcing this Agreement.
  18. Any failure by us or you to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by You.
  19. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF ALABAMA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN ALABAMA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS

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PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, THE FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

- 20. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which we are a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
- 21. This Agreement contains the entire agreement of the Parties regarding the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made herein. This Agreement may be modified only by a duly authorized writing executed by all parties.
- 22. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex, (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective Parties.

If directed to us, the notice shall be addressed to:

ANC Green Solutions I, LLC  
4601 Old Highway 31 South  
Decatur, AL 35603  
Attention: Heath Legg, President  
Telephone: 1 (256) 355-1871

If directed to you, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Telephone: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall effected by giving fifteen (15) days written notice of such change to the other party.

- 23. The rights and remedies of us under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of you and your staff hereunder are personal in nature and may not be assigned by you or your staff, as applicable.

**IN WITNESS WHEREOF**, the undersigned have entered into this Agreement as witnessed by their signatures below:

**ANC Green Solutions I, LLC**

a Delaware limited liability company

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOU:**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



®

SCHEDULE 9  
ANC GREEN SOLUTIONS I, LLC  
WASHINGTON FRANCHISE AGREEMENT ADDENDUM

The state of Washington has a statute, RCW 19.100.180, which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 collectible to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

**ANC Green Solutions I, LLC**  
a Delaware limited liability company

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOU:**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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# **EXHIBIT B**

## **DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS**

### **AGENTS FOR SERVICE OF PROCESS**

## **EXHIBIT B**

# **DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS**

### **FEDERAL**

#### **FEDERAL TRADE COMMISSION**

Division of Marketing Practices  
Seventh and Pennsylvania Avenues, N.W.  
Room 238  
Washington, D.C. 20580  
202-326-2970

### **STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS**

#### **ALABAMA**

Heath Legg  
4601 Old Highway 31 South  
Decatur, Alabama 35603  
(256) 355-1871

#### **CONNECTICUT**

Banking Commissioner  
44 Capitol Avenue  
Hartford, Connecticut 06106  
317-232-6685

#### **HAWAII**

Commissioner of Securities of the State of Hawaii  
Department of Commerce & Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street Room 203  
Honolulu, Hawaii 96813  
808-586-2722

#### **INDIANA**

Chief Deputy Commissioner  
Securities Divisions  
302 West Washington Street Room E-111  
Indianapolis, Indiana 46204

#### **CALIFORNIA**

California Department of Business  
Oversight  
Commissioner for the Department of  
Business Oversight  
One Sansome Street #600  
San Francisco, CA 94104  
866-275-2677

#### **FLORIDA**

State Department of Agriculture and  
Consumer Services  
P.O. Box 6700 Suite 7200  
Tallahassee, FL 32314-6700  
850-410-3754

#### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
217-782-4465

#### **MARYLAND**

Securities Commissioner  
Division of Securities  
200 St. Paul Place 20th Floor  
Baltimore, Maryland 21202-2020  
410-576-6360

**MICHIGAN**

Franchise Administrator  
670 Law Building  
Lansing, Michigan 48913  
517-373-7117

**NEW YORK**

New York State Dept. of Law  
Investor Protection Bureau  
120 Broadway, 23<sup>rd</sup> Floor  
New York, New York 10271  
212-416-8236

Secretary of State  
99 Washington Street  
Albany, New York 12231

**OREGON**

Department of Insurance and Finance  
Division of Finance & Corporate Securities  
Securities Section  
21 Labor and Industries Building  
Salem, Oregon 97310  
503-378-4387

**SOUTH DAKOTA**

Franchise Administrator  
Division of Securities  
910 East Sioux  
Pierre, South Dakota 57501  
605-773-4823

**VIRGINIA**

Registered Agent:  
Clerk of the State Corporation Commission  
1300 East Main St, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
804-371-9733

State Administrator:  
State Corporation Commission  
1300 East Main St. 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
804-371-9051

**MINNESOTA**

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
651-539-1600

**NORTH DAKOTA**

Franchise Examiner  
600 East Boulevard 5<sup>th</sup> Floor  
Bismarck, North Dakota 58505  
701-224-4712

**RHODE ISLAND**

Associate Director and Superintendent of  
Securities  
Division of Securities  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
401-462-9527

**TEXAS**

Secretary of State  
P.O. Box 12697  
Austin, Texas 78711-2697  
1019 Brazos  
Austin, Texas 78701  
512-463-5701

**WISCONSIN**

Franchise Administrator  
4822 Madison Yards Way  
Madison, Wisconsin 53705  
608-261-9555

**WASHINGTON**

Securities Administrator  
150 Israel Road SW  
Turnwater, Washington 98501  
360-902-8760

**CANADA**

Director of Franchises  
Alberta Securities Commission Agency  
21<sup>st</sup> Floor  
10025 Jasper Avenue  
Edmonton, Alberta T5J 3Z5

Director of Franchises  
Ontario Securities Commission  
Suite 1903  
20 Queen Street, West  
Toronto, Ontario MSH 3S8  
(416) 593-8314

Ministry of Justice  
910 Government Street  
Victoria, British Columbia V8W  
855-587-0185

Director of Franchises  
Manitoba Securities Commission  
500-400 Saint Mary's Avenue  
Winnipeg, Manitoba R3C 4K5

Director of Franchises  
New Brunswick Securities Commission  
Suite 300  
85 Decatur Street  
Saint John, New Brunswick 32L 2J2

Office of the Attorney General  
Consumer, Corporate, and Insurance  
Division  
PEI Securities Office  
P.O. Box 2000  
Charlottetown, Prince Edward Island C1A  
7N8  
(902) 368-4569

# **EXHIBIT C**

## **FRANCHISE DISCLOSURE QUESTIONNAIRE**

**EXHIBIT C**  
**FRANCHISE DISCLOSURE**  
**QUESTIONNAIRE**

As you know, ANC Green Solutions I, LLC (“we,” “us”, “our”, or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Superior Mosquito Defense® Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

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

Yes \_\_\_\_\_ No\_\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_\_ No\_\_\_\_\_ Your Initials \_\_\_\_\_

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

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

Yes \_\_\_\_\_ No\_\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No\_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No \_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No \_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No \_\_\_\_ Your Initials \_\_\_\_\_

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

Yes \_\_\_\_ No \_\_\_\_ Your Initials \_\_\_\_\_

14. If you have answered “Yes” to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

If you have answered “No” to all of questions 7 through 13, please leave the following lines blank.

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

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

You understand that your answers are important to us and we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
Franchise Applicant – Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

# **EXHIBIT D**

## **STATE ADDENDA**

**EXHIBIT D**  
**STATE LAW ADDENDA**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**AND**  
**FRANCHISE AGREEMENT**

The following modifications are to the ANC Green Solutions I, LLC Disclosure Document and will supersede, to the extent then required by applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_\_.

**I. FRANCHISOR/FRANCHISEE RELATIONSHIP STATUTES**  
**(Including Renewal and Termination Rights)**

For franchises governed by laws of the following states:

CALIFORNIA, COLORADO, HAWAII, ILLINOIS, INDIANA, IOWA,  
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, RHODE ISLAND,  
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise:

ARKANSAS	Stat. Section 72-201
CALIFORNIA	Bus. & Prof. Code Sections 20000-20043
CONNECTICUT	Gen. Stat. Section 42-133e et seq.
DELAWARE	Code, Tit. 6, Ch. 25, Sections 2551-2556
HAWAII	Rev. Stat. Section 482E-1
ILLINOIS	Rev. Stat. 815. ILCS 705/19 and 705/20
INDIANA	Stat. Sections 23-2-2.7 and 23-2-2.5
IOWA	Code Sections 523H.1523 thru H.17
MARYLAND	Commercial Code Ann. 11-1301
MICHIGAN	Stat. Section 19.854(27)
MINNESOTA	Stat. Section 80C.14
MISSISSIPPI	Code Section 75-24-51
MISSOURI	Stat. Section 407.400
NEBRASKA	Rev. Stat. Section 87-401
NEW JERSEY	Stat. Section 56:10-1
RHODE ISLAND	Gen. Laws Tit. 6, Ch.50
VIRGINIA	Code 13.1-557-574
WASHINGTON	Code Section 19.100.180
WISCONSIN	Stat. Section 135.03

These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In addition,

**INDIANA** Indiana franchisees should note that Indiana Law provides that it is unlawful for a Franchise Agreement to contain certain provisions in the area of required purchases, modification, competition, increases in the price of goods on order termination and non renewal, covenants not to compete, and limitations on litigation. Indiana law also prohibits franchisors from engaging in certain acts and practices, including coercion, refusing delivery of goods or services, denying the surviving spouse or estate of the Franchisee an opportunity to participate in the ownership of the franchise, unreasonable competition, unfair competition, unfair discrimination among franchisees, and using deceptive advertising.

**MINNESOTA** law requires that with respect to the franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5 which require except in certain specific cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80C.12, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

\_\_\_\_\_  
(Signature of Franchisee)

\_\_\_\_\_  
(Name of Franchisee)

\_\_\_\_\_  
(Title)

**RHODE ISLAND** Notwithstanding anything in this Agreement to the contrary, all Rhode Island located franchisees will be governed by the Rhode Island Franchise Investment Act.

**WASHINGTON** If any of the provisions of this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over inconsistent provisions of the Franchise Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

**WISCONSIN** Chapter 135, Stats. Of the Wisconsin Fair Dealership Law supersedes any provisions of the Franchise Agreement that may be inconsistent with that law.

**II. POST-TERM COVENANTS NOT TO COMPETE**

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, HAWAII, ILLINOIS, INDIANA,  
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA,  
RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON,  
WISCONSIN

These states have statutes which limit the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

California Business and Professions Code	Section 16,600
Michigan Compiled Laws	Section 445.771 et seq.
Montana Codes	SECTION 30-14-201
North Dakota Century Code	Section 9-08-06
Oklahoma Statutes	Section 15-217-19
Washington Code	Section 19.86.030

Other states have court decisions limiting the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

### **III. TERMINATION UPON BANKRUPTCY**

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, ILLINOIS, INDIANA, MARYLAND,  
MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, WASHINGTON,  
WISCONSIN

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

### **IV. LIQUIDATED DAMAGES PROVISIONS**

The following states have statutes which restrict or prohibit the imposition of liquidated damages provisions:

CALIFORNIA	Civil Code Section 1671
INDIANA	IC 232-2.5-2
MINNESOTA	Rule 2860.4400

State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.

For franchises governed by the laws of the state of MINNESOTA, liquidated damage provisions are void.

### **V. STATE ADDENDUMS**

The following are Addendums for Franchises governed by the laws of the respective states as follows:

#### **CALIFORNIA**

Add to the Disclosure Document item 3, litigation, ~ (c), that neither FRANCHISOR nor any of the persons affiliated with FRANCHISOR set forth in Section 2 of the Disclosure Document are subject to any currently effective order of any National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78, et seq. suspending or expelling such persons from membership in such association or exchange.

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

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.

The Franchise Agreement requires application of the law of Alabama. The Franchise Agreement currently restricts venue for arbitration and mediation to Alabama since it is the Franchisor's

headquarter (but could change) which might not be favorable if your location or you reside in a different state.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31 000 through 31516).

Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The Franchise Agreement requires litigation to be conducted in Alabama, but could change. Requirements of litigation in jurisdiction other than where your franchise is located or where you reside may not be enforceable. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Item 5 of the Disclosure Document is amended to include the following language:

“If Franchisor sells a multiple unit or other discounted franchise fee in California, it will comply with California Franchise Rule 310.100.2 regarding negotiated sales, to the extent applicable.” The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 -20043).

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

The franchise agreement requires binding arbitration. The arbitration will occur in Morgan County, Alabama with the costs being borne by the prevailing party.

OUR URL IS: [www.SuperiorMosquitoDefense.com](http://www.SuperiorMosquitoDefense.com) OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [www.corp.ca.gov](http://www.corp.ca.gov)

## **ILLINOIS**

### **Illinois Addendum to the FDD**

Illinois law governs the franchise agreement(s).

The payment of the initial franchise fee will be deferred until the Franchisor has met its initial obligations to the franchisee, and the franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General, due to the Franchisor's financial status.

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 the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Franchisees rights upon termination and renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

### **Illinois Addendum to the Franchise Agreement**

Illinois law governs the franchise agreement(s).

The payment of the initial franchise fee will be deferred until the Franchisor has met its initial obligations to the franchisee, and the franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General, due to the Franchisor's financial status.

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 the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Franchisees rights upon termination and renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

\_\_\_\_\_  
(Signature of Franchisee)

\_\_\_\_\_  
(Signature of ANC Green Solutions I, LLC)

\_\_\_\_\_  
(Name of Franchisee)

\_\_\_\_\_  
ANC Green Solutions I, LLC  
(Name of Franchisor)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**INDIANA**

To the extent that Item 17 of the Disclosure Document and Section XVIII of the Franchise Agreement re inconsistent with the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indiana Deceptive Franchise Practice Law may supersede such inconsistent terms.

To the extent that Item 17 of the Disclosure Document and Section XXIV and Schedule 8 of the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2.7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 27-1(10) of the Indiana Deceptive Franchise Practice Laws.

**MARYLAND**

Item 17 of Disclosure Document and Section XXII of the Franchise Agreement requiring that franchisee sign a general release as a condition of purchase/renewal or assignment/transfer, may not be enforceable pursuant to the Maryland Franchise Registration and Disclosure Law, and are amended to the extent required by Maryland law. The requested release shall not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Any provisions of the Disclosure Document or Franchise Agreement that require franchisee to disclaim the occurrence of or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law 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.

Provisions in the Disclosure Document and Franchise Agreement requiring franchisee to file any lawsuit in a court in the State of Alabama may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and

Section XXV of the Franchise Agreement are amended accordingly to the extent required by Maryland law.

To the extent that Franchise Agreement requires and the Disclosure Document discloses that a Franchisee must agree to a period of limitations of less than three years, this limitation to a period of less than three years shall not apply to any claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 5 of the Disclosure Document and Sections IX(C) of the Franchise Agreement is amended to provide that the initial franchise fee and any other initial payments are due and payable when all Franchisor's pre-opening obligations to franchisee have been met.

On the next page is the form of release that will be request of Maryland franchisees as a condition to the franchisor's consent to the transfer of the franchise.

**FORM OF RELEASE FOR MARYLAND FRANCHISEES**

This Release is made on \_\_\_\_\_, 20\_\_\_, between ANC Green Solutions I, LLC, a Delaware limited liability company (“Franchisor”) and its officers, directors and agents (“Affiliates”), and \_\_\_\_\_ (“Franchisee”).

**RECITALS**

- A. Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) in which Franchisor granted franchisee the right to located, develop, and operate a Superior Mosquito Defense® business (the “Franchised business”), and Franchisee assumed obligations to located, develop, and operate the franchised Business.
- B. As a condition to Franchisor’s consent to the transfer of the Franchised Business, Franchisee is willing to release franchisor from certain obligations arising from the Franchise Agreement and related agreements, and any claims franchisee may have against each Franchisee as described herein.

**AGREEMENT**

**1. RELEASE AND COVENANT NOT TO SUE**

Subject to the terms of this Release, and in consideration for the consent described above, Franchisee and the undersigned individual guarantors, if applicable, hereby release and discharge and hold harmless Franchisor, its principals, agents, shareholders, officers, directors, employees, successors, assigns, subsidiaries, and affiliated groups and each of them (“Affiliates”), from any and all losses, claims, debts, demands, liabilities, actions, and causes of action, of any kind, whether known or unknown, past or present, that any of them may have or claim to have against Franchisor or its Affiliates and any of them before or on the date of this release, arising out of or related to the offer, negotiation, execution, and performance of the Franchise Agreement, the operation of the Franchised Business, and all circumstances and representations relating to such offer, negotiation, execution, performance, and operation (collectively, “Released Claims”, except as specifically reserved:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Franchisee and guarantors agree that Released Claims shall specifically include any claim or potential claims under the Title 14 Sections 14-201 through 14-233 of the Maryland Annotated Code and laws otherwise governing relationships between franchisors and franchisees. Franchisee and guarantors hereby covenant and agree that none of them will bring any action against Franchisor or its Affiliates in connection with any Released Claim.

**2. NO ADMISSION**

Nothing contained in this Agreement shall be construed as an admission of liability by either party.

**3. NO ASSIGNMENT**

Each party represents and warrants to the other that it has not assigned or otherwise transferred or subrogated any interest in the Franchise Agreement or in any claims that are related in any way to the subject matter of this Release. Each party agrees to indemnify and hold the other fully and completely harmless from any liability, loss, claim, demand, damage costs, expense and attorneys' fees incurred by the other as a result of any breach of this representation or warranty.

**4. ENTIRE AGREEMENT**

This Release embodies the entire agreement between the parties and supersedes any and all prior representations, understandings, and agreements with respect to its subject matter. There are no other representations, agreements, arrangements, or understandings, oral or in writing, and signed by the party against whom it sought to be enforced.

**5. FURTHER ACTS**

The parties agree to sign other documents and do other things needed or desirable to carry out the purpose of this Release.

**6. SUCCESSORS**

This Amendment and Release shall bind and insure to the benefit of the parties, their heirs, successors, and assigns.

**7. GOVERNING LAW; JURISDICTION**

This Release shall be construed under and governed by the laws of the State of Alabama, and the parties agree that the courts of Morgan County, Alabama, shall have jurisdiction over any action brought in connection with it, except to the extent that the Franchise Agreement is governed by the laws or venue provisions of another state.

**8. SEVERABILITY**

If any part of this release is held invalid or unenforceable to any extent by a court of competent jurisdiction, this Release shall remain in full force and effect and shall be enforceable to the fullest extent permitted, provided that it is the intent of the parties that it shall be entire, and if it is not so entire because it is held to be unenforceable, then this Release and the consent given as consideration for it shall be voided by frustration of its purpose.

**9. VOLUNTARY AGREEMENT**

Each party is entering into this Release voluntarily and, after negotiation, has consulted independent legal counsel of its own choice before signing it, is signing it with a full

understanding of its consequences, and knows that is not required to sign this Amendment and Release. The parties acknowledge and agree that this Amendment and Release constitutes a release or waiver executed pursuant to a negotiated agreement between a Franchisee and a Franchisor arising after the Franchise Agreement has taken effect and as to which each part is represented by independent legal counsel.

Superior Mosquito Defense® Franchisee

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

## **MICHIGAN**

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 of the right of a franchisee to join an association of franchisees.
- B.** A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a Franchisee of rights and protections provided in this act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- C.** A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- D.** A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if:
  - 1.** The term of the franchise is less than 5 years; and
  - 2.** 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:

1. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
  2. The fact that the proposed transferee is a competitor of the Franchisor or Sub-Franchisor.
  3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  4. 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 that 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  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
Lansing, Michigan 48913  
Phone: 517/373-7117

**MINNESOTA**

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes,

Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.440J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80c.12, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

## **NEW YORK**

### **FRANCHISE DISCLOSURE DOCUMENT**

The cover page of the Franchise Disclosure Document will be supplemented with the following inserted at the bottom of the cover page:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

Item 3 of the Franchise Disclosure Document: Add the following:

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, and any person identified in Item 2. The following is added at the end of Item 3:

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. a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

Item 4 of the Franchise Disclosure Document: Add the following language:

A. Neither the Franchisor, its predecessors, or any person identified in Item 2 filled as an individual or business for protection under the U.S. Bankruptcy Code during the ten-year period immediately before the date of the Disclosure Document:

B. Filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

C. Obtained a discharge of its debts under the bankruptcy code; or

D. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position and or company or partnership.

Item 5 of the Franchise Disclosure Document: Add at the end of the last paragraph:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17. Add the following:

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.

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.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”: However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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.

## **NORTH DAKOTA**

**I.** Item 5 is amended by the addition of the following language to the original language:

Refund and cancellation provisions do not apply to franchises operating under the North Dakota Franchise Investment Law. If the Company elects to cancel the Franchise Agreement, the Company will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred. This amount may not be more than fifty percent (50%) of the Franchise Fee.

**II.** Item 5, Note 1, the last paragraph shall be amended to read as follows:

If your Franchise Agreement is terminated, you may be required to continue royalty payments for so long as you or our assignee or successor continues to use our trademarks or systems in any way.

**III.** Item 5, Note 5, shall be amended to read as follows:

Note 5: You must protect, indemnify, and hold us harmless against any claims or losses arising out of your operation of the franchise business. Each party will bear its own expenses of any litigation to enforce the agreement.

**IV.** Item 17 is amended by the addition of the following language to the original language:

- A.** A provision is the Franchise Agreement that terminates the Franchise Agreement on the bankruptcy of the franchisee may not be enforceable under Title II, U.S. Code, Section 101.
- B.** The erosion of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.
- C.** The North Dakota Century Code, Section 9-08-06 limits the franchisor's ability to restrict your ability to restrict your activity after the Franchise Agreement has ended.
- D.** Under North Dakota law, liquidated damages provisions are void. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. Thus, the provision requiring you to continue to pay amounts to franchisor if you elect to cancel the agreement may not be enforceable under North Dakota law.

**V.** Item 17 is amended to read as follows:

<b>PROVISION</b>	<b>FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
Your obligations on termination non-renewal	FA: XXIV	De-Identification, payment, non-disclosure, non-competition; you continue to pay royalties for so long as you use the trademarks if terminated for breach, unless you abandon the business, abide by post termination covenants, and release and indemnify us.

**VI.** Item 17: The Choice of Law and Arbitration sections are amended to read as follows:

- A.** The Franchise Agreement shall be governed by the laws of North Dakota.
- B.** Except as specifically otherwise provided in the Franchise Agreement, all contract disputes that cannot be amicably settled will be determined by arbitration under the Federal Arbitration Act and in accordance with the rules of the American Arbitration Association. Arbitration will take place at an appointed time and place

in the county and state in which your franchised business is located. However, nothing in the Franchise Agreement limits or precludes the parties from bringing an action in a court of competent jurisdiction for injunction or other provisional relief as needed or appropriate to compel a party to comply with its obligations or to protect the marks or the company's other property rights.

C. The Choice of Forum section is amended to delete the following:

Any action will be brought in the state or federal courts in Morgan County, Alabama.

## **FRANCHISE AGREEMENT**

I. Article IX, concerning refunds of initial franchise fees and royalties, is amended to add the following:

Refund and cancellation provisions do not apply to franchisees operating under the North Dakota Franchise Investment Law. If Franchisor elects to cancel this Franchise Agreement, Franchisor shall be entitled to a reasonable fee for its evaluation of Franchisees and related preparatory work performed and expenses actually incurred. This amount shall be no more than fifty percent (50%) of the franchise fee.

II. Sections XXIII and XXII, relating to termination and transfer, are amended to add the following:

The execution of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

III. Section XXIII(H), providing for liquidated damages on termination of the Franchise Agreement, is hereby amended to read as follows:

h. Pay to Franchisor royalty fees and other ongoing fees, and other amounts Franchisee owes to Franchisor, as though Franchisee were still an active Franchisee, for so long as Franchisee or its assignee or successor continues to use the trademarks in any way. Franchisor is also entitled to all other applicable remedies.

IV. Section XXV is amended to read as follows:

In any action to enforce this Agreement or to seek remedies on default by either party, each party shall bear its own expenses of litigation or enforcement.

V. A. Section XXV is amended to add the following:

THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY THE COMPANY AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF

NORTH DAKOTA, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15, U.S.C. SECTIONS 1015, ET. SEQ.) .

- B. Section XXV (H) providing for exclusive jurisdiction in Morgan County, Alabama is deleted.
- C. Paragraph XXV to the extent it provides for a limitation of one year on actions under the Franchise Agreement is hereby deleted.
- D. Section XXV to the extent it provides for a waiver of punitive or exemplary damages, and a waiver of jury trial, is deleted.

**VI.** The Arbitration section shall be deleted and amended to read as follows:

Except as specifically otherwise provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined by arbitration under the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the County and State in which Franchisee's franchised business is located. However, nothing contained herein shall be construed to limit or to preclude the parties from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as the parties deem to be necessary or appropriate to compel either party to comply with its obligations hereunder or to protect the marks or other property rights of franchisor.

**VII.** The Acknowledgement section is amended to add the following:

Franchisee acknowledges that Franchisee received a copy of this Franchise Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

**VIII.** The Covenants section is amended to add the following:

Covenants not to compete on termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

**RHODE ISLAND**

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

A provision in a Franchise Agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state are void with respect to a claim otherwise enforceable under this Act.

## **VIRGINIA**

In recognition of the restrictions contained in 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ANC Green Solutions I, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in 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.

## **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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

---

FRANCHSIOR

---

FRANCHISEE

**[The Remainder of This Page Has Been Left Intentionally Blank.]**

**ACKNOWLEDGEMENT**

IT IS AGREED that the applicable foreign state law addendum, if any supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, and of the Franchise Disclosure Document, but only to the extent then required by applicable and enforceable state law, and only so long as such state law remains in effect.

**FRANCHISOR:** ANC Green Solutions I, LLC

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

# **EXHIBIT E**

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# OPERATIONS MANUAL

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# **EXHIBIT F**

## **OPTION AGREEMENT**

## EXHIBIT F

### FRANCHISE OPTION AGREEMENT

This Option Agreement is entered into as of \_\_\_\_\_, 20\_\_ between ANC Green Solutions I, LLC (“Franchisor”) and \_\_\_\_\_ (“Optionee”).

1. Grant of Option. Optionee is hereby granted an option to be awarded a Superior Mosquito Defense® Franchise.
2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a Superior Mosquito Defense® franchise to be opened within \_\_\_\_\_ miles of the “selected address” listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor’s approval.
3. Option Fee. A non-refundable option payment of \$2,500 is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee of \$20,000 for a Standard Model or \$10,000 for a Conversion Model or \$10,000 for additional franchises thereafter; if the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of Superior Mosquito Defense® franchisees and maintain those requirements at the time you exercise this option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.
4. Term. This Option will have a term of six months and begins on the date of this Agreement listed below.
5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile, or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.
6. Governing Law. This Agreement is valid when executed and accepted by Franchisor, and is governed by the laws of the State of Alabama. Morgan County, Alabama will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the Alabama franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated \_\_\_\_\_, 20\_\_\_\_\_

Expiration Date \_\_\_\_\_

**FRANCHISOR:  
ANC Green Solutions I, LLC**

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**OPTIONEE:**

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

# **EXHIBIT G**

## **List of Franchisees**

Alabama

Superior Mosquito Defense – Huntsville, AL  
208 Rockview Way  
Madison, Alabama 35757  
256-783-5227

[ghopper@superiormosquitodefense.com](mailto:ghopper@superiormosquitodefense.com)  
[torr@superiormosquitodefense.com](mailto:torr@superiormosquitodefense.com)

Superior Mosquito Defense – NE Birmingham, AL  
1212 Washington Drive  
Moody, Alabama 35004  
205-383-1227

[csegars@superiormosquitodefense.com](mailto:csegars@superiormosquitodefense.com)  
[wsegars@superiormosquitodefense.com](mailto:wsegars@superiormosquitodefense.com)

Superior Mosquito Defense – South Birmingham, AL  
1212 Washington Drive  
Moody, Alabama 35004  
205-383-1227

[csegars@superiormosquitodefense.com](mailto:csegars@superiormosquitodefense.com)  
[wsegars@superiormosquitodefense.com](mailto:wsegars@superiormosquitodefense.com)

Superior Mosquito Defense – Moulton/Jasper, AL  
3698 County Road 170  
Hillsboro, Alabama 35643  
256-522-9672

[sgivens@superiormosquitodefense.com](mailto:sgivens@superiormosquitodefense.com)  
[mgivens@superiormosquitodefense.com](mailto:mgivens@superiormosquitodefense.com)

Georgia

Superior Mosquito Defense – Gainesville, GA  
9740 Windsor Way  
Gainesville, Georgia  
678-394-3955

[jfitzgerald@superiormosquitodefense.com](mailto:jfitzgerald@superiormosquitodefense.com)

Superior Mosquito Defense – East Metro Atlanta  
150 Surrey Chase Drive  
Social Circle, Georgia 30025  
678-635-2066

[suegregory@superiormosquitodefense.com](mailto:suegregory@superiormosquitodefense.com)

Illinois

Superior Mosquito Defense – DuPage County, IL  
12245 New Avenue  
Lemont, Illinois 60439  
815-693-9600  
[pbonacorsi@superiormosquitodefense.com](mailto:pbonacorsi@superiormosquitodefense.com)

Indiana

Superior Mosquito Defense – North Indianapolis IN  
14350 Mundy Drive, Suite 800  
Noblesville, Indiana 46060  
317-384-5010  
[rpeterson@superiormosquitodefense.com](mailto:rpeterson@superiormosquitodefense.com)  
[dhenrickson@superiormosquitodefense.com](mailto:dhenrickson@superiormosquitodefense.com)  
[treincke@superiormosquitodefense.com](mailto:treincke@superiormosquitodefense.com)

Kentucky

Superior Mosquito Defense – Bowling Green, KY  
1906 College Heights Boulevard, #8002  
Bowling Green, Kentucky 42101  
270-791-8636  
[cduke@superiormosquitodefense.com](mailto:cduke@superiormosquitodefense.com)  
[jstockton@superiormosquitodefense.com](mailto:jstockton@superiormosquitodefense.com)

Maryland

Superior Mosquito Defense – Ann Arundel County,  
and Carroll/Montgomery County MD  
5626 Harbor Valley Drive  
Baltimore, Maryland 21225  
410-995-7888  
[medwards@superiormosquitodefense.com](mailto:medwards@superiormosquitodefense.com)

Superior Mosquito Defense – Howard County,  
and Eastern Shore, MD  
1916 Crain Highway S, Suite 16  
Glen Burnie, Maryland 21061  
410-999-0097  
[jplummer@superiormosquitodefense.com](mailto:jplummer@superiormosquitodefense.com)

Superior Mosquito Defense – Eastern Shore, MD  
1916 Crain Hwy S, Suite 16  
Glen Burnie, MD 21061  
410- 999-0097  
[jplummer@superiormosquitodefense.com](mailto:jplummer@superiormosquitodefense.com)

Superior Mosquito Defense –Carroll/Montgomery Counties, MD  
5626 Harbor Valley Dr.  
Baltimore, MD 21225  
410-995-7888  
[medwards@superiormosquitodefense.com](mailto:medwards@superiormosquitodefense.com)

North Carolina

Superior Mosquito Defense – South Charlotte, NC  
5036 Fenwick Court  
Lancaster, South Carolina 29720  
803-656-5222  
[attorraca@superiormosquitodefense.com](mailto:attorraca@superiormosquitodefense.com)  
[htorraca@superiormosquitodefense.com](mailto:htorraca@superiormosquitodefense.com)

South Carolina

Superior Mosquito Defense – Lancaster, SC  
5036 Fenwick Court  
Lancaster, South Carolina SC 29720  
803-656-5222  
[attorraca@superiormosquitodefense.com](mailto:attorraca@superiormosquitodefense.com)  
[htorraca@superiormosquitodefense.com](mailto:htorraca@superiormosquitodefense.com)

Wisconsin

Superior Mosquito Defense – Madison, WI  
4818 South Hill Drive  
Madison, Wisconsin 53705  
608-259-1480  
[jskaife@superiormosquitodefense.com](mailto:jskaife@superiormosquitodefense.com)  
[eskaife@superiormosquitodefense.com](mailto:eskaife@superiormosquitodefense.com)

# **EXHIBIT H**

## **Franchisees Who Left The System**

None.

# **EXHIBIT I**

## **Financial Statements**



**ANC Green Solutions I, LLC  
(dba Superior Lawncare Services)**

**Financial Statements**

As of and for the years ended December 31, 2020 and 2019  
with Independent Auditor's Report



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### Independent Auditor's Report

To Board of Directors  
ANC Green Solutions I, LLC  
Decatur, Alabama

We have audited the accompanying financial statements of ANC Green Solutions I, LLC dba Superior Lawn care Services (the "Company") (a Delaware Limited Liability Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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.

*Benjamin & Ko*  
Santa Ana, California  
June 7, 2021

**ANC Green Solutions I, LLC**  
**Balance Sheets**

<i>December 31,</i>	<i>2020</i>	<i>2019</i>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 795,468	\$ 272,267
Accounts receivable, net of allowance for bad debt of \$62,138 and \$37,443 at December 31, 2020 and 2019, respectively	100,137	160,803
Prepaid expense	2,393	1,377
<b>Total current assets</b>	<b>897,998</b>	<b>434,447</b>
Property and equipment, net	265,328	245,953
<b>Total non-current assets</b>	<b>265,328</b>	<b>245,953</b>
<b>Total assets</b>	<b>\$ 1,163,326</b>	<b>\$ 680,400</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 132,473	\$ 33,096
Other current liabilities	6,857	13,748
Deferred revenue, current portion	10,666	20,829
Loan payable, current portion	127,001	-
<b>Total current liabilities</b>	<b>276,997</b>	<b>67,673</b>
Deferred revenue - long term	15,167	25,833
Loan payable, net - long term	36,286	-
<b>Total non-current liabilities</b>	<b>51,453</b>	<b>25,833</b>
<b>Total liabilities</b>	<b>328,450</b>	<b>93,506</b>
<b>Commitments and Contingencies</b>		
<b>Members' equity</b>	<b>834,876</b>	<b>586,894</b>
<b>Total liabilities and members' equity</b>	<b>\$ 1,163,326</b>	<b>\$ 680,400</b>

*See accompanying notes to financial statements.*

**ANC Green Solutions I, LLC**  
**Statements of Income**

<i>Years Ended December 31,</i>	<b>2020</b>	<b>2019</b>
<b>Net revenue:</b>		
Maintenance services, net	\$ 2,538,074	\$ 2,499,355
Franchise revenue	95,652	94,273
<b>Total net revenue</b>	<b>2,633,726</b>	<b>2,593,628</b>
<b>Cost of sales</b>	<b>1,467,848</b>	<b>1,128,676</b>
<b>Gross profit</b>	<b>1,165,878</b>	<b>1,464,952</b>
<b>Operating expenses:</b>		
General and administrative	359,757	477,476
Payroll and payroll taxes	494,324	315,009
Professional fees	63,765	73,389
<b>Total operating expenses</b>	<b>917,846</b>	<b>865,874</b>
<b>Income from operations</b>	<b>248,032</b>	<b>599,078</b>
<b>Other income (expense):</b>		
Gain from disposal of property and equipment	-	120,644
Interest income	350	3,952
Interest expense	-	(345)
<b>Total other income (expense), net</b>	<b>350</b>	<b>124,251</b>
<b>Net income</b>	<b>\$ 248,382</b>	<b>\$ 723,329</b>

*See accompanying notes to financial statements.*

**ANC Green Solutions I, LLC**  
**Statements of Members' Equity**

	<b>Members' Equity</b>
<b>Balance - December 31, 2018</b>	<b>\$ 1,237,362</b>
Distribution	(1,373,797)
Net income	723,329
<b>Balance - December 31, 2019</b>	<b>\$ 586,894</b>
Distribution	(400)
Net income	248,382
<b>Balance - December 31, 2020</b>	<b>\$ 834,876</b>

*See accompanying notes to financial statements.*

**ANC Green Solutions I, LLC**  
**Statements of Cash Flows**

<i>Years Ended December 31,</i>	<i>2020</i>	<i>2019</i>
<b>Cash flows from operating activities:</b>		
Net income	\$ 248,382	\$ 723,329
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	76,187	75,265
Gain from disposal of property and equipment	-	(120,644)
Changes in assets and liabilities:		
Accounts receivable	60,666	(13,992)
Other current assets	(1,016)	(1,377)
Accounts payable	99,377	12,484
Other current liabilities	(6,891)	(15,648)
Deferred revenue	(20,829)	46,662
<b>Net cash provided by operating activities</b>	<b>455,876</b>	<b>706,079</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(95,562)	(107,260)
Proceeds from disposal of property and equipment	-	168,065
<b>Net cash provided by (used in) investing activities</b>	<b>(95,562)</b>	<b>60,805</b>
<b>Cash flows from financing activities:</b>		
Repayments of note payable - long term	-	(20,473)
Proceeds from loan payable, payroll protection program (PPP)	163,287	-
Distribution	(400)	(1,373,797)
<b>Net cash provided by (used in) financing activities</b>	<b>162,887</b>	<b>(1,394,270)</b>
Net increase (decrease) in cash	523,201	(627,386)
Cash – beginning of year	272,267	899,653
<b>Cash – end of year</b>	<b>\$ 795,468</b>	<b>\$ 272,267</b>
<b>Supplemental disclosures of cash flow information</b>		
<b>Cash paid during the year for:</b>		
Interest	\$ -	\$ 345
Income taxes	\$ -	\$ -

*See accompanying notes to financial statements.*

**1. PRESENTATION AND NATURE OF OPERATIONS**

ANC Green Solutions I, LLC (the "Company"), dba Superior Services, provides outdoor services such as lawn maintenance, weed control/fertilization, landscaping, irrigation, outdoor kitchens, mosquito control, pest control and termite control to individuals and through franchisees. The Company sells franchises for the operation of a business known as Superior Mosquito Defense. The franchises offer a franchise agreement for the development and operation of an outdoor insect control service business, which is within a protected territory.

The Company was incorporated on October 2, 2019 and the predecessor to the Company, Legg Lawn Care, Inc. ("LLCI"), owned by the same shareholder of the Company, began operations as a sole proprietor on March 1, 1996 and later formed LLCI, an Alabama corporation, on June 11, 2009 (into which the sole proprietorship business was transferred). The predecessor company was transferred to the Company on October 2, 2019 and on October 4, 2019, LLCI ceased to exist and changed its legal name to ANC Green Solutions I, LLC.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for the integrity and objectivity of the financial statements.

***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), and which is based on the accrual method of accounting. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. The accompanying financial statements include the predecessor company, LLCI.

***Use of Estimates***

The preparation of the accompanying financial statements in conformity with GAAP 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. Significant estimates include, but are not limited to, the estimated useful lives of property and equipment, patent and trademark, and the ultimate collection of accounts receivable and accrued expenses. Actual results could materially differ from those estimates.

***Advertising Expense***

Advertising costs are expensed as incurred. Advertising expense amounted to \$93,547 and \$129,355 for the years ended December 31, 2020 and 2019, respectively.

***Accounts Receivable***

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on current credit conditions and other relevant data. Generally, revenue receivables are considered past due 180 days after the due date of invoice. Accounts are written off as a charge to the allowance for doubtful accounts once payment terms have been exceeded and reasonable collection efforts have been made. Recoveries of previously written off amounts are recorded to the allowance for doubtful accounts. The allowance for doubtful accounts were \$62,138 and \$37,443 as of December 31, 2020 and 2019, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Property and Equipment, Net*

All assets listed on the balance sheet as property and equipment are held for lease by the Company. Major additions and repairs with an estimated useful life greater than one year are capitalized. Property and equipment are recorded at cost. The cost of maintenance and minor repairs is charged to expense as incurred. Depreciation of the furniture & equipment, office equipment, vehicles, building, and leasehold improvements is provided over the estimated useful lives of the assets using the straight line method. Assigned lives of each category of property and equipment are shown below.

Type	Life
Furniture and Equipment	5-7 years
Office Equipment	3-7 years
Vehicles	5-10 years
Building	5-40 years
Leasehold Improvement	Lesser of the remaining useful life or the remaining term of the lease

*Impairment of Long-lived Assets*

In accordance with ASC 360, Property, Plant, and Equipment, the Company reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company considers the carrying value of assets that may not be recoverable based upon the review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in the strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount. As of December 31, 2020, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

*Fair Value of Financial Instruments*

The Company records its financial assets and liabilities at fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

As of December 31, 2020, the Company believes that the carrying value of cash, trade receivables, accounts payable, accrued expenses, and other current assets and liabilities approximate fair value due to the short maturity of these financial instruments. The financial statements do not include any financial instruments at fair value on a recurring or non-recurring basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition***

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The Company's net revenue primarily consists of revenues from lawn care services and franchisee under the franchise agreement. Accordingly, the Company recognizes revenue as follows:

- The Company provides outdoor services such as lawn maintenance, weed control/fertilization, landscaping, irrigation, outdoor kitchens, mosquito control, pest control and termite control to individuals and through franchisees. The Company recognizes revenue when service is completed and collectability is reasonably assured. The Company does not provide for any refunds after the service is rendered or provided.
- The Company recognizes franchise revenue from its 17 franchisees as of December 31, 2020. Based on franchise agreements, the Company collects designated initial franchise fee, royalty fee of 5% of gross revenue or \$250 whichever is larger every month, system advertising fee of 1% gross revenue or \$50 every month. Revenue is recognized as follows:
  - Initial Franchise Fee – The Company recognizes initial franchise fee over the life of the franchise agreement which is 5 years.
  - Royalty Fee – The Company recognizes royalty fee revenue each month when earned, realized, and collectability is reasonably assured, according to the franchise agreement.
  - Marketing Fee – The Company recognizes marketing fee revenue each month when earned, realized, and collectability is reasonably assured, according to the franchise agreement. The amount is not material.

***Deferred Revenue***

Deferred revenue represents prepayment from customers for future services to be provided by the Company and initial franchise fee received from franchisees at the beginning of the franchise agreement. The Company believes that future services will be provided within a few months after prepayment by customers and as a result, deferred revenue for maintenance service is presented as a current liability. Whereas the franchise agreement is for 5 years and as a result, deferred revenue for initial franchise fee to be recognized in years 2 – 5 are presented as non-current liabilities.

***Income Taxes***

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with the operating agreement. Therefore, no provision for income taxes has been included in the financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2020, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Concentration of Credit Risk***

As of December 31, 2020, cash balances at the Company's financial institution exceeded the limit of the FDIC's insurance by approximately \$795,000.

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and other receivables arising from its normal business activities. The Company has a diversified customer base. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for un-collectible accounts and, as a consequence, believes that its accounts receivable related credit risk exposure beyond such allowance is limited.

Substantially all of the Company's revenues are derived from outdoor services and franchising revenue. Any significant decline in the financial condition of the Company's existing customers could impair the Company's ability to operate effectively.

***Recent Accounting Pronouncement***

FASB ASU 2016-02 "Leases (Topic 842)" – In February 2016, the FASB issued ASU 2016-02, which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years beginning after December 15, 2020.

FASB ASU 2016-12 "Revenue from Contracts with Customers (Topic 606)" – In May 2016, the FASB issued 2016-12. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2016-12 provides clarification on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications.

FASB ASU 2016-15 "Statement of Cash Flows (Topic 230)" – In August 2016, the FASB issued 2016-15. Stakeholders indicated that there is a diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. Adoption of this ASU did not have a significant impact on the Company's statement of cash flows.

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<i>December 31,</i>	<i>2020</i>	<i>2019</i>
Furniture and equipment	\$ 361,459	\$ 321,926
Office equipment and others	80,406	55,683
Vehicles	388,528	357,222
<b>Total property and equipment</b>	<b>830,393</b>	<b>734,831</b>
<b>Less-accumulated depreciation</b>	<b>(565,065)</b>	<b>(488,878)</b>
<b>Total property and equipment, net</b>	<b>\$ 265,328</b>	<b>\$ 245,953</b>

Depreciation expense for property and equipment amounted to \$76,187 and \$75,265 for the year ended December 31, 2020 and 2019, respectively.

**4. LOAN PAYABLE**

On April 30, 2020, the Company obtained a \$163,287 SBA loan, payroll protection program (PPP). The loan has a maturity date of April 30, 2022 and bears interest at 1% per annum. The loan requires total payments of \$9,188.67 every month, beginning seven months from the month the loan is dated.

Total loan payable consisted of the following:

<i>December 31,</i>	<i>2020</i>	<i>2019</i>
SBA Loan - PPP	\$ 163,287	\$ -
Loan payable	163,287	-
Less: current portion	(127,001)	-
<b>Loan payable, net of current portion</b>	<b>\$ 36,286</b>	<b>\$ -</b>

Future minimum payments on loan consists of the following:

2021	\$ 36,286
<b>Total</b>	<b>36,286</b>

**5. COMMITMENTS AND CONTINGENCIES**

*Commitments*

The Company leases its corporate facility on a month-to-month basis located at 4601 Old Highway 31 South, Decatur, Alabama 35603. The cost of the office space is \$4,250 per month.

*Contingencies*

From time to time, the Company may be involved in certain legal actions and claims arising in the normal course of business. Management is of the opinion that such matters will be resolved without material effect on the Company's financial condition or results of operations.

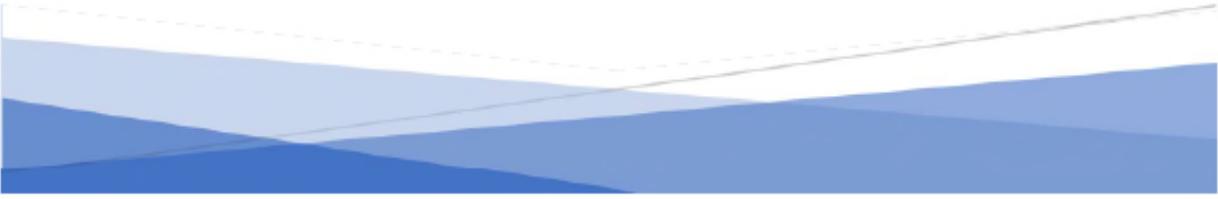
**6. SUBSEQUENT EVENTS**

The Company evaluated all events or transactions that occurred after December 31, 2020 up through the date the financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events required to be disclosed as of and for the year ended December 31, 2020.



**ANC Green Solutions I, LLC  
(dba Superior Services)**

**Financial Statements**  
As of and for the year ended December 31, 2019  
with Independent Auditor's Report



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## Independent Auditor's Report

To Board of Directors  
ANC Green Solutions I, LLC  
Decatur, Alabama

We have audited the accompanying financial statements of ANC Green Solutions I, LLC dba Superior Services (the "Company") (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2019, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Benjamin & Ko*

Santa Ana, California  
September 8, 2020

## Independent Auditor's Report

To Board of Directors  
ANC Green Solutions I, LLC  
Decatur, Alabama

We have audited the accompanying financial statements of ANC Green Solutions I, LLC dba Superior Services (the "Company") (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2019, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Benjamin & Ko*

Santa Ana, California  
September 8, 2020

ANC Green Solutions I, LLC  
Balance Sheet

<i>December 31,</i>		<i>2019</i>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$	272,267
Accounts receivable, net of allowance for bad debt of \$37,443		160,803
Prepaid expense		1,377
<b>Total current assets</b>		<b>434,447</b>
Property and equipment, net		245,953
<b>Total non-current assets</b>		<b>245,953</b>
<b>Total assets</b>	<b>\$</b>	<b>680,400</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$	33,096
Other current liabilities		13,748
Deferred revenue		46,662
<b>Total current liabilities</b>		<b>93,506</b>
<b>Total liabilities</b>		<b>93,506</b>
<b>Commitments and Contingencies</b>		
<b>Members' equity</b>		<b>586,894</b>
<b>Total liabilities and members' equity</b>	<b>\$</b>	<b>680,400</b>

*See accompanying notes to financial statements.*

ANC Green Solutions I, LLC  
Statement of Income

<i>Year Ended December 31,</i>	<i>2019</i>
<b>Net revenue:</b>	
Maintenance services	\$ 2,499,355
Franchise revenue	94,273
Total net revenue	2,593,628
Cost of sales	1,128,676
Gross profit	1,464,952
<b>Operating expenses:</b>	
General and administrative	477,476
Payroll and payroll taxes	315,009
Professional fees	73,389
Total operating expenses	865,874
Income from operations	599,078
<b>Other income (expense):</b>	
Gain from disposal of property and equipment	120,644
Interest income	3,952
Interest expense	(345)
Total other income (expense), net	124,251
<b>Net income</b>	<b>\$ 723,329</b>

*See accompanying notes to financial statements.*

**ANC Green Solutions I, LLC**  
**Statement of Members' Equity**

	<b>Members' Equity</b>
<b>Balance - December 31, 2018</b>	<b>\$ 1,237,362</b>
Distribution	(1,373,797)
Net income	723,329
<b>Balance - December 31, 2019</b>	<b>\$ 586,894</b>

*See accompanying notes to financial statements.*

**ANC Green Solutions I, LLC**  
**Statement of Cash Flows**

<u>Year Ended December 31,</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>	
Net income	\$ 723,329
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation expense	75,265
Gain from disposal of property and equipment	(120,644)
Changes in assets and liabilities:	
Accounts receivable	(13,992)
Other current assets	(1,377)
Accounts payable	12,484
Other current liabilities	(15,648)
Deferred revenue	46,662
<b>Net cash provided by operating activities</b>	<b>706,079</b>
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	(107,260)
Proceeds from disposal of property and equipment	168,065
<b>Net cash provided by investing activities</b>	<b>60,805</b>
<b>Cash flows from financing activities:</b>	
Repayments of note payable - long term	(20,473)
Distribution	(1,373,797)
<b>Net cash used in financing activities</b>	<b>(1,394,270)</b>
Net decrease in cash	(627,386)
Cash – beginning of year	899,653
<b>Cash – end of year</b>	<b>\$ 272,267</b>
<b>Supplemental disclosures of cash flow information</b>	
<b>Cash paid during the year for:</b>	
Interest	\$ 345
Income taxes	\$ -

*See accompanying notes to financial statements.*

**1. PRESENTATION AND NATURE OF OPERATIONS**

ANC Green Solutions I, LLC (the "Company"), dba Superior Services, provides outdoor services such as lawn maintenance, weed control/fertilization, landscaping, irrigation, outdoor kitchens, mosquito control, pest control and termite control to individuals and through franchisees. The Company sells franchises for the operation of a business known as Superior Mosquito Defense. The franchises offer a franchise agreement for the development and operation of an outdoor insect control service business, which is within a protected territory.

The Company was incorporated on October 2, 2019 and the predecessor to the Company, Legg Lawn Care, Inc. ("LLCI"), owned by the same shareholder of the Company, began operations as a sole proprietor on March 1, 1996 and later formed LLCI, an Alabama corporation, on June 11, 2009 (into which the sole proprietorship business was transferred). The predecessor company was transferred to the Company on October 2, 2019 and on October 4, 2019, LLCI ceased to exist and changed its legal name to ANC Green Solutions I, LLC.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representation of the Company's management who are responsible for the integrity and objectivity of the financial statements.

***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), and which is based on the accrual method of accounting. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. The accompanying financial statements include predecessor company, LLCI.

***Use of Estimates***

The preparation of the accompanying financial statements in conformity with GAAP 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. Significant estimates include, but are not limited to, the estimated useful lives of property and equipment, patent and trademark, and the ultimate collection of accounts receivable and accrued expenses. Actual results could materially differ from those estimates.

***Advertising Expense***

Advertising costs are expensed as incurred. Advertising expense amounted to \$129,355 for the year ended December 31, 2019.

***Accounts Receivable***

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on current credit conditions and other relevant data. Generally, revenue receivables are considered past due 180 days after the due date of invoice. Accounts are written off as a charge to the allowance for doubtful accounts once payment terms have been exceeded and reasonable collection efforts have been made. Recoveries of previously written off amounts are recorded to the allowance for doubtful accounts. The allowance for doubtful accounts was \$37,443 as of December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Property and Equipment, Net*

All assets listed on the balance sheet as property and equipment are held for lease by the Company. Major additions and repairs with an estimated useful life greater than one year are capitalized. Property and equipment are recorded at cost. The cost of maintenance and minor repairs is charged to expense as incurred. Depreciation of the furniture & equipment, office equipment, vehicles, building, and leasehold improvements is provided over the estimated useful lives of the assets using the straight line method. Assigned lives of each category of property and equipment are shown below.

Type	Life
Furniture and Equipment	5-7 years
Office Equipment	3-7 years
Vehicles	5-10 years
Building	5-40 years
Leasehold Improvement	Lesser of the remaining useful life or the remaining term of the lease

*Impairment of Long-lived Assets*

In accordance with ASC 360, Property, Plant, and Equipment, the Company reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company considers the carrying value of assets that may not be recoverable based upon the review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in the strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount. As of December 31, 2019, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

*Fair Value of Financial Instruments*

The Company records its financial assets and liabilities at fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

As of December 31, 2019, the Company believes that the carrying value of cash, trade receivables, accounts payable, accrued expenses, and other current assets and liabilities approximate fair value due to the short maturity of these financial instruments. The financial statements do not include any financial instruments at fair value on a recurring or non-recurring basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition***

The Company recognizes revenue when persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectability is reasonably assured, and delivery has occurred or services have been rendered. The Company offers pest control services.

- The Company provides outdoor services such as lawn maintenance, weed control/fertilization, landscaping, irrigation, outdoor kitchens, mosquito control, pest control and termite control to individuals and through franchisees. The Company recognizes revenue when service is completed and collectability is reasonably assured. The Company does not provide for any refunds after the service is rendered or provided.
- The Company recognizes franchise revenue from its 18 franchisees as of December 31, 2019. Based on franchise agreements, the Company collects designated initial franchise fee, royalty fee of 5% gross revenue or \$250 whichever is larger every month, system advertising fee of 1% gross revenue or \$50 every month. Revenue is recognized as follows:
  - Initial Franchise Fee – The Company recognizes initial franchise fee over the life of the franchise agreement which is 5 years.
  - Royalty Fee – The Company recognizes royalty fee each month when earned, realized, and collectability is reasonably assured, according to the franchise agreement.
  - Marketing Fee – The Company recognizes marketing fee each month when earned, realized, and collectability is reasonably assured, according to the franchise agreement. The amount is not material.

***Deferred Revenue***

Deferred revenue represents prepayment from customers for future services to be provided by the Company. The Company believes that future services will be provided within a few months after prepayment by customers and as a result, deferred revenue represent current liability.

***Income Taxes***

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with the operating agreement. Therefore, no provision for income taxes has been included in the financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2019, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Concentration of Credit Risk***

As of December 31, 2019, cash balances at the Company's financial institution exceeded the limit of the FDIC's insurance by approximately \$272,000.

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and other receivables arising from its normal business activities. The Company has a diversified customer base. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for un-collectible accounts and, as a consequence, believes that its accounts receivable related credit risk exposure beyond such allowance is limited.

Substantially all of the Company's revenues are derived from outdoor services and franchising revenue. Any significant decline in the financial condition of the Company's existing customers could impair the Company's ability to operate effectively.

***Recent Accounting Pronouncement Not Yet Effective***

FASB ASU 2016-02 "Leases (Topic 842)" – In February 2016, the FASB issued ASU 2016-02, which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years beginning after December 15, 2020. The Company is currently evaluating the potential impact this standard will have on its financial statements and related disclosures.

FASB ASU 2016-12 "Revenue from Contracts with Customers (Topic 606)" – In May 2016, the FASB issued 2016-12. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2016-12 provides clarification on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications. This ASU is effective for annual reporting periods beginning after December 15, 2019, and interim periods beginning after December 15, 2020. The Company is currently assessing the potential impact this standard will have on its financial statements and related disclosures.

FASB ASU 2016-15 "Statement of Cash Flows (Topic 230)" – In August 2016, the FASB issued 2016-15. Stakeholders indicated that there is a diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. Adoption of this ASU will not have a significant impact on the Company's statement of cash flows.

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>December 31,</u>	<u>2019</u>
Furniture and equipment	\$ 321,926
Office equipment and others	55,683
Vehicles	357,222
Total property and equipment	734,831
Less-accumulated depreciation	(488,878)
<b>Total property and equipment, net</b>	<b>\$ 245,953</b>

Depreciation expense for property and equipment amounted to \$75,265 for the year ended December 31, 2019.

**4. COMMITMENTS AND CONTINGENCIES**

*Commitments*

The Company leases its corporate facility on a month-to-month basis located at 4601 Old Highway 31 South, Decatur, Alabama 35603. The cost of the office space is \$4,250 per month.

*Contingencies*

From time to time, the Company may be involved in certain legal actions and claims arising in the normal course of business. Management is of the opinion that such matters will be resolved without material effect on the Company's financial condition or results of operations.

**5. SUBSEQUENT EVENTS**

The Company evaluated all events or transactions that occurred after December 31, 2019 up through the date the financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events required to be disclosed as of and for the year ended December 31, 2019.

**FINANCIAL STATEMENTS**

**LEGG SMS FRANCHISING, INC. (S-Corporation)**  
**For the Period ended December 31, 2018**  
**with Report of Independent Auditors**

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ALFORD, MCKENZIE & BREEDEN, PC

*Certified Public Accountants*

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OF CERTIFIED PUBLIC ACCOUNTANTS

GEORGE RAY BREEDEN, III, CPA  
ASA GENE MCKENZIE, CPA - RETIRED

**Independent Auditors' Report**

To the Board of Directors and Shareholders  
Legg SMS Franchising, Inc. (S-Corporation)

**Report on the Financial Statements**

We have audited the accompanying balance sheets of Legg SMS Franchising, Inc. as of December 31, 2018, and the related statements of operations, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

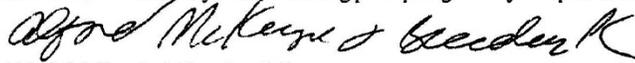
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

**Opinion**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Legg SMS Franchising, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Alford, McKenzie & Breeden, P.C.  
Decatur, AL

January 24, 2019

**LEGG SMS FRANCHISING INC**  
**BALANCE SHEET**  
As of December 31, 2018

**ASSETS**

**CURRENT ASSETS**

Cash in Family Security Credit Union	\$138,409	
Cash in Family Security Savings Acc	25	
Accounts Receivable (less allowance for doubtful accounts)	<u>7,100</u>	
<b>Total Current Assets</b>		<b>\$145,534</b>

**OTHER ASSETS**

Franchise Organization Cost	\$22,500	
Accum Amort Franchise	<u>(8,000)</u>	
<b>Total Other Assets</b>		<u>14,500</u>
<b>TOTAL ASSETS</b>		<b><u>\$160,034</u></b>

See Independent Auditor's Report and Notes to Financial Statement

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Alford, McKenzie and Breeden, PC

**LEGG SMS FRANCHISING INC**  
**BALANCE SHEET**  
As of December 31, 2018

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Due to Officer	\$394	
<b>Total Current Liabilities</b>	<u>                    </u>	\$394

**STOCKHOLDERS' EQUITY**

Common Stock	\$100	
Paid In Capital	74,900	
Retained Earnings	<u>84,640</u>	
<b>Total Stockholders' Equity</b>		<u>159,640</u>

**TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY**

\$160,034

See Independent Auditor's Report and Notes to Financial Statement

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Alford, McKenzie and Breden, PC

**LEGG SMS FRANCHISING INC**  
**STATEMENT OF OPERATIONS AND RETAINED EARNINGS**  
For the Year Ended December 31, 2018

Sales	
INITIAL FRANCHISEE FEES	\$23,325
ROYALTIES AND MARKETING FEES	<u>69,869</u>
Total Sales	93,194
Operating Expenses	
Office Expense	914
Advertising	989
Marketing fees	1,300
Management Fees	18,150
Professional Fees	12,960
Taxes & Licenses	710
Building Rent	11,000
Bad debt expense	0
Amortization Expense	<u>1,500</u>
Total Operating Expenses	<u>47,523</u>
Net Income (Loss)	<u>45,671</u>
Retained Earnings	
Beginning of Year	38,969
Distribution to Shareholder	<u>0</u>
End of Year	<u><u>\$84,640</u></u>

See Independent Auditor's Report and Notes to Financial Statement - 6 -

Alford, McKenzie and  
Breedon, PC

**LEGG SMS FRANCHISING INC**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2018

<b>OPERATING ACTIVITIES:</b>	
Net Income/Loss	\$45,671
Adjust items not effecting cash:	
Depreciation & Amortization	1,500
 (Increase) Decrease in Current Assets	
Accounts receivable	-2,900
 Increase (Decrease) in Current Liabilities	
Due to Affiliate	0
Due to Officer	0
Net Cash Provided (Used) by Operating Activities	<u>44,271</u>
 Investing Activities	
Additional paid in capital by shareholder	0
 Net Cash Provided (Used) by Investing Activities	0
 Financing Activities	0
None	
 Increase (Decrease) in cash	44,271
 Cash-beginning of the period	<u>94,138</u>
 Cash-end of the period	<u><u>\$138,409</u></u>

See Independent Auditor's Report and Notes to Financial Statement - 7 -

Alford, McKenzie and  
Breedon, PC

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

**A. Organization and Summary of Significant Accounting Policies**

**Organization**

Legg SMS Franchising, Inc. (the "Company"), an Alabama S-corporation, was formed on September 20, 2013 to offer franchises to operate an outdoor insect control service business. The Company operates under the accrual method of accounting. At December 31, 2018, the Company has 100 common shares issued and outstanding at \$1 par value per share.

**Use of Estimates**

The preparation of the Company's financial statements 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 financial statement date and the revenues and expenses for the periods then ended. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ materially from these estimates in the near term.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Accounts Receivable:**

The company reports trade receivables at gross amounts due from customers. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings.

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2018

Organization and Summary of Significant Accounting Policies (continued)

**Franchise organization cost:**

The cost of organizing the franchise and initial legal work are capitalized. The cost is being amortized over 15 years.

**Income Taxes:**

The company is an S Corporation for Federal income tax purposes. All income or loss is passed through to the shareholder.

Effective September 20, 2013, the company implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board [FASB] ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition. As of January 28, 2018, the company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Any penalty and interest relating to tax positions will be recognized when the tax is assessed. The years ended 2018, 2017 and 2016 are still open to audit by income tax agencies.

**NOTE B – SUBSEQUENT EVENTS**

In preparing the financial statements, management evaluated subsequent events through January 24, 2019, the date the financial statements were available to be issued.

**NOTE C – RELATED PARTY TRANSACTIONS**

The company is leasing office space and equipment from the shareholder. The leases are for a period of one year and are renewable. The leases were consummated on terms equivalent to those that prevail in arm's length transactions.

The company is paying a management fee to a corporation owned by the shareholder. The management fee is established to cover the cost related to management services, employee services and office equipment and supplies that the company uses. The management fees were consummated on terms equivalent to those that prevail in arm's length transactions.

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2018

**NOTE D – FRANCHISE INFORMATION**

The franchise sold 4 franchise areas in 2018 for a total of 22 franchises sold. Franchises currently in operation at January 24, 2019 total 19. The franchisor operates none of the franchises. The franchisor does provide the same services as the franchises in the Decatur, AL area.

**FINANCIAL STATEMENTS**

**LEGG SMS FRANCHISING, INC. (S-Corporation)**  
**For the Period ended December 31, 2017**  
**with Report of Independent Auditors**

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**ALFORD, MCKENZIE & BREEDEN, PC**

*Certified Public Accountants*  
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TELEPHONE 256/353-0713  
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GEORGE RAY BREEDEN, III, CPA  
ASA GENE MCKENZIE, CPA - RETIRED

MEMBER OF AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF ALABAMA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors and Shareholders  
Legg SMS Franchising, Inc. (S-Corporation)

**Report on the Financial Statements**

We have audited the accompanying balance sheets of Legg SMS Franchising, Inc. as of December 31, 2017, and the related statements of operations, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Legg SMS Franchising, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Alford McKenzie & Breeden PC*

Alford, McKenzie & Breeden, P.C.  
Decatur, AL

January 28, 2018

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**LEGG SMS FRANCHISING INC**  
**BALANCE SHEET**  
As of December 31, 2017

**ASSETS**

**CURRENT ASSETS**

Cash in Family Security Credit Union	\$94,138	
Cash in Family Security Savings Acc	25	
Accounts Receivable	4,200	
<b>Total Current Assets</b>	<u>          </u>	\$98,363

**OTHER ASSETS**

Franchise Organization Cost	\$22,500	
Accum Amort Franchise	(6,500)	
<b>Total Other Assets</b>	<u>          </u>	16,000
<b>TOTAL ASSETS</b>	<u>          </u>	<u>\$114,363</u>

See Independent Auditor's Report and Notes to Financial Statement

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Alford, McKenzie and Bredem, PC

**LEGG SMS FRANCHISING INC**  
**BALANCE SHEET**  
As of December 31, 2017

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Due to Officer	\$394	
<b>Total Current Liabilities</b>	<u>394</u>	<b>\$394</b>

**STOCKHOLDERS' EQUITY**

Common Stock	\$100	
Paid In Capital	74,900	
Retained Earnings	<u>38,969</u>	
<b>Total Stockholders' Equity</b>		<u>113,969</u>

**TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY**

\$114,363

See Independent Auditor's Report and Notes to Financial Statement

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Afford, McKenzie and Breedon, PC

**LEGG SMS FRANCHISING INC**  
**STATEMENT OF OPERATIONS AND RETAINED EARNINGS**  
For the Year Ended December 31, 2017

<b>Sales</b>	
INITIAL FRANCHISEE FEES	\$36,500
ROYALTIES AND MARKETING FEES	<u>50,733</u>
Total Sales	87,233
<b>Operating Expenses</b>	
Office Expense	1,722
Advertising	3,588
Management Fees	19,800
Professional Fees	12,195
Taxes & Licenses	1,736
Building Rent	12,000
Amortization Expense	<u>1,500</u>
Total Operating Expenses	<u>52,541</u>
Net Income (Loss)	<u>34,692</u>
<b>Retained Earnings</b>	
Beginning of Year	4,277
Distribution to Shareholder	<u>0</u>
End of Year	<u>\$38,969</u>

See independent Auditor's Report and Notes to Financial Statement - 6 -

Alford, McKenzie and  
Breedon, PC

**LEGG SMS FRANCHISING INC**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2018

<b>OPERATING ACTIVITIES:</b>	
Net Income/Loss	\$34,692
Adjust Items not effecting cash:	
Depreciation & Amortization	1,500
 (Increase) Decrease in Current Assets	
Accounts receivable	-978
 Increase (Decrease) in Current Liabilities	
Due to Affiliate	-1,421
Due to Officer	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>33,793</u>
 Investing Activities	
Additional paid in capital by shareholder	50,000
 Net Cash Provided (Used) by Investing Activities	0
 Financing Activities	0
None	
 Increase (Decrease) in cash	83,793
 Cash-beginning of the period	<u>10,345</u>
 Cash-end of the period	<u>\$94,138</u>

See Independent Auditor's Report and Notes to Financial Statement - 7 -

Alford, McKenzie and  
Breedon, PC

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017

A. Organization and Summary of Significant Accounting Policies

Organization

Legg SMS Franchising, Inc. (the "Company"), an Alabama S-corporation, was formed on September 20, 2013 to offer franchises to operate an outdoor insect control service business. The Company operates under the accrual method of accounting. At December 31, 2017, the Company has 100 common shares issued and outstanding at \$1 par value per share.

Use of Estimates

The preparation of the Company's financial statements 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 financial statement date and the revenues and expenses for the periods then ended. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ materially from these estimates in the near term.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable:

The company reports trade receivables at gross amounts due from customers. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings.

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2017

Organization and Summary of Significant Accounting Policies (continued)

Franchise organization cost:

The cost of organizing the franchise and initial legal work are capitalized. The cost is being amortized over 15 years.

Income Taxes:

The company is an S Corporation for Federal income tax purposes. All income or loss is passed through to the shareholder.

Effective September 20, 2013, the company implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board [FASB] ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition. As of January 28, 2018, the company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Any penalty and interest relating to tax positions will be recognized when the tax is assessed. The years ended 2017, 2016 and 2015 are still open to audit by income tax agencies.

NOTE B – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through January 28, 2018, the date the financial statements were available to be issued.

NOTE C – RELATED PARTY TRANSACTIONS

The company is leasing office space and equipment from the shareholder. The leases are for a period of one year and are renewable. The leases were consummated on terms equivalent to those that prevail in arm's length transactions.

The company is paying a management fee to a corporation owned by the shareholder. The management fee is established to cover the cost related to management services, employee services and office equipment and supplies that the company uses. The management fees were consummated on terms equivalent to those that prevail in arm's length transactions.

**NOTE D – FRANCHISE INFORMATION**

The franchise sold 7 franchise areas in 2017 for a total of 17 franchises sold. Franchises currently in operation at January 28, 2018 total 16. The franchisor operates none of the franchises. The franchisor does provide the same services as the franchises in the Decatur, AL. area.

**NOTE E- ADDITIONAL PAID CAPITAL**

The company received \$50,000 additional capital from its sole shareholder in 2017.

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 2, 2017

A. Organization and Summary of Significant Accounting Policies

Organization

Legg SMS Franchising, Inc. (the "Company"), an Alabama S-corporation, was formed on September 20, 2013 to offer franchises to operate an outdoor insect control service business. The Company operates under the accrual method of accounting. At June 2, 2017, the Company has 100 common shares issued and outstanding at \$1 par value per share.

Use of Estimates

The preparation of the Company's financial statements 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 financial statement date and the revenues and expenses for the periods then ended. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ materially from these estimates in the near term.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable:

The company reports trade receivables at gross amounts due from customers. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings.

Legg SMS Franchising, Inc. (S-Corporation)

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 2, 2017

Organization and Summary of Significant Accounting Policies (continued) Income

**Franchise organization cost:**

The cost of organizing the franchise and initial legal work are capitalized. The cost is being amortized over 15 years.

**Income Taxes:**

The company is an S Corporation for Federal income tax purposes. All income or loss is passed through to the shareholder.

Effective September 20, 2013, the company implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board [FASB] ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition. As of April 26, 2017, the company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Any penalty and interest relating to tax positions will be recognized when the tax is assessed. The years ended 2016, 2015 and 2014 are still open to audit by income tax agencies.

**NOTE B – SUBSEQUENT EVENTS**

In preparing the financial statements, management evaluated subsequent events through June 8, 2017, the date the financial statements were available to be issued.

**NOTE C – RELATED PARTY TRANSACTIONS**

The company is leasing office space and equipment from the shareholder. The leases are for a period of one year and are renewable. The leases were consummated on terms equivalent to those that prevail in arm's length transactions.

The company is paying a management fee to a corporation owned by the shareholder. The management fee is established to cover the cost related to management services, employee services and office equipment and supplies that the company uses. The management fees were consummated on terms equivalent to those that prevail in arm's length transactions.

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# **EXHIBIT J**

## **RECEIPTS**

**RETURN THIS SIGNED COPY TO THE FRANCHISOR**

**ACKNOWLEDGEMENT OF RECEIPT FOR FDD**  
**Franchise Disclosure Document [FDD]**  
**ANC GREEN SOLUTIONS I, LLC**

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF ANC GREEN SOLUTIONS I, LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF ANC GREEN SOLUTIONS I, LLC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL LAW AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY AS IDENTIFIED ON EXHIBIT B OF THIS DISCLOSURE DOCUMENT.

ANC Green Solutions I, LLC's franchise seller is Heath Legg, 4601 Old Highway 31 South, Decatur, AL 35603, (256) 355-1871.

Issuance Date: June 9, 2021 (with effective dates as stated on the fifth page of this franchise disclosure document.

I received a Superior Mosquito Defense® Disclosure Document dated June 9, 2021 that included the following Exhibits:

- A Franchise Agreement with attached Schedules
- B List of State Agencies and Regulators
- C Franchise Disclosure Questionnaire
- D State Addenda
- E Operations Manual Table of Contents
- F Option Agreement
- G List of Franchisees
- H Franchisees Who Have Left the System
- I Financial Statements

\_\_\_\_\_  
Date

\_\_\_\_\_  
Recipient/Franchise Applicant

**RETURN THIS SIGNED FORM TO THE FRANCHISOR. Mail to:** ANC Green Solutions I, LLC, 4601 Old Highway 31 South, Decatur, AL 35603.

**APPLICANT COPY**

**ACKNOWLEDGEMENT OF RECEIPT FOR FDD**  
**Franchise Disclosure Document [FDD]**  
**ANC GREEN SOLUTIONS I, LLC**

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

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- G List of Franchisees
- H Franchisees Who Have Left the System
- I Financial Statements

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Date

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Recipient/Franchise Applicant

**THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT**

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Superior Mosquito Defense®  
Franchise Disclosure Document Exhibit J 2021  
6-09-2021